UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL

GENERAL

E/ESCAP/STAT.6/10
8 October 1985

ORIGINAL: ENGLISH

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

Committee on Statistics

Sixth session
19-25 November 1985
Bangkok

DEVELOPMENT OF ECONOMIC STATISTICS

(Item 6 of the provisional agenda)

REPORT OF THE PACIFIC SUBREGIONAL WORKSHOP ON PRICE STATISTICS

Note by the secretariat

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I. ORGANIZATION OF THE WORKSHOP

1. The Pacific Subregional Workshop on Price Statistics, organized by the secretariat of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), was held at Port Vila from 3 to 8 October 1983. Financial assistance for the Workshop was provided by the Government of Australia. Consultancy services were supplied by the United Nations Development Advisory Team for the Pacific (UNDAT) and the secretariat. Host facilities for the Workshop were provided by the Government of Vanuatu.

Attendance

2. The Workshop was attended by representatives of the following members and associate members of ESCAP: Australia, Fiji, Guam, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, Trust Territory of the Pacific Islands (Federated States of Micronesia, Marshall Islands and Palau), Tuvalu and Vanuatu.

3. Representatives of UNDAT and the United Nations Statistical Office attended. The International Labour Organisation (ILO) and the South Pacific Commission (SPC) were represented.

Opening of the Workshop

4. The Workshop was opened by the Honourable Sela Molisa, Minister for Home Affairs, Government of Vanuatu. In welcoming the participants to the Workshop, he stated that the attendance of representatives of a large number of Pacific countries reflected the increasing attention paid to price data in recent years. As was the case in many other Pacific countries, consumer prices in Vanuatu were determined largely by import prices. Retail price data for Vanuatu were produced very rapidly and showed that the inflation rate had recently fallen to among the lowest in the world.

5. The Minister observed that accuracy and honesty in the figures published by national statistical offices were nowhere more important than in the field of price statistics. That task demanded statisticians of high professional integrity and with the competence to adapt techniques to the particular circumstances of the Pacific. He therefore welcomed the role of ESCAP, made possible by the Australian Government's generous financial contribution, in bringing together Pacific statisticians to

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exchange experience and gain expertise. In declaring the Workshop open, the Minister expressed the hope that the heavy programme planned for the Workshop would not preclude participants' enjoyment of the facilities which Port Vila had to offer.

6. In his message, the Executive Secretary of ESCAP expressed his warm gratitude to the Government of Vanuatu for providing excellent host facilities for the Workshop and to the Government of Australia for its generous financial and technical assistance. The Executive Secretary noted that price data needed improvement to provide a firmer basis for economic and social development planning. He hoped that the Workshop would enhance the capability of national statistical services in the Pacific subregion to deal with the complex problems associated with measuring inflationary trends.

7. The Executive Secretary described the various uses to which the consumer price index could be put and emphasized the importance of its accurate compilation. He recalled that the Workshop's focus on consumer prices stemmed from the expressed desire of Pacific countries for assistance in that field, and he noted that a workshop planned for the Asian subregion would stress rather different aspects of price statistics. In wishing the participants every success in their deliberations, the Executive Secretary concluded by reiterating his thanks to the various Governments and agencies which had collaborated in the organization of the Workshop.

Election of officers

8. The Workshop elected D. Salathiel (Vanuatu) Chairman, P. Taafuli (Samoa) and T. Rosario (Guam) First and Second Vice-Chairmen, respectively, and H. Narayan (Fiji), Rapporteur.

Adoption of the agenda

9. After discussion of the ordering of items, the Workshop adopted the following agenda:

1. Opening of the Workshop.
2. Election of officers.
3. Adoption of the agenda.
4. Country papers on the status of price statistics.

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5. The role of household expenditure surveys in consumer price indexes.

6. Practical aspects in constructing, compiling and using consumer price indexes.

7. Case study in consumer price indexes: the Australian experience.

8. An integrated and co-ordinated approach to the development of price statistics.

9. Prices other than consumer prices, with emphasis on prices in international trade.

10. Adoption of the report.

Documentation

10. The list of documents which were before the Workshop is annexed to the present report.

Field visit

11. During the Workshop, participants visited the Statistics Office of Vanuatu, primarily to observe the compilation procedures of the four quarterly consumer price indexes (CPIs) produced, namely, high- and low-income indexes for the towns of Port Vila and Santo. The system was largely computerized and featured on-line data entry, editing checks, an updated outlet listing facility and computer generation of the next quarter's pricing sheets. The Office planned to use the existing NCR 7280 facility to computerize further CPI compilation and publication procedures. It was noted that the entire data file on the CPI, dating back to 1979, currently occupied only one the facility's eighteen 13.5 MB hard disc units.

Votes of thanks

12. At the conclusion of the Workshop, participants expressed their sincere gratitude to the Government and people of Vanuatu for the warm hospitality accorded to them and for the excellent facilities placed at their disposal. Those facilities and the hard work put in by the Statistics Office personnel servicing the Workshop had contributed greatly to its success.

13. Participants noted with great regret that the current Workshop would be the last ESCAP meeting to be attended by Mr. Max Barton in his capacity as UNDAT adviser on statistics. In thanking him for the great

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contribution he had made to statistical development in the Pacific over the past several years, the Workshop expressed its warmest wishes to Mr. Barton on his impending retirement.

II. STATUS OF PRICE STATISTICS IN THE PACIFIC

14. Participants made brief presentations on the status of price statistics in their respective countries, on the basis of the country papers prepared for the Workshop and a number of national price statistics publications (STAT/PSWPS/CRP.1-15). The representative of SPC provided information on a number of countries and areas not represented at the Workshop, and drew attention to the SPC annual statistical bulletin on retail price indexes (STAT/PSWPS/CRP.16)

15. Countries varied in the stage to which their price statistics had been developed. Fiji, for example, was regularly compiling six price indexes, while the newly established statistical offices in Palau, Ponape and the Marshall Islands were not yet in a position to publish any price data. Most countries represented compiled one index only, on consumer prices, which almost inevitably covered urban areas (or just the capital city).

16. Participants sought clarifications on the various country statements, and a number of difficulties common to price statistics work in most Pacific countries emerged. Those included low levels of budgetary allocation and trained manpower and the particular problem of pricing unavailable goods which arose because of the typically heavy dependence on imports. The Workshop noted, however, that most countries were planning to improve and expand their price collection and index publication activities; in particular some were intending to conduct new household expenditure surveys in order to update their CPIs. The international agencies represented at the Workshop offered to assist in those developments to the extent that their resources permitted.

III. THE ROLE OF HOUSEHOLD EXPENDITURE SURVEYS IN CONSUMER PRICE INDEXES

17. The Workshop had before it the document entitled "The role of household income and expenditure surveys in the development or revision of a consumer price index" (STAT/PSWPS/1), prepared by the International Labour Office.

18. The work of ILO in the field of household expenditure surveys (HES) was briefly described. From its very inception ILO had been concerned with policies, norms, measurements and the study of trends relating to living and working conditions. An early milestone had occurred in 1925 when the Second International Conference of Labour Statisticians had approached the subject of family income and expenditure surveys in connection with the problems of consumer price index numbers.

19. The Workshop's attention was drawn to the importance of household income and expenditure surveys, from which data could be derived for use in several different fields. They were frequently used as a basis for decisions on, for example, welfare-oriented policies and fiscal policies, or to study the redistributive effect of taxation and social benefits on the economic welfare of the population. For the purposes of the Workshop, however, derivation of expenditure weights for consumer price indexes was clearly the most relevant use of the household income and expenditure survey.

20. The Workshop noted other sources of household income and expenditure data. For example, income data might be collected through population censuses, income tax returns and social security records and so on. Information on expenditure might also be acquired indirectly from sales registers or from production or trade statistics.

21. The Workshop then considered the periodicity, survey design, sample size, reference period and methods of data collection of household expenditure surveys. As regards periodicity, it was noted that they might be carried out continuously, periodically (for example, annually or less frequently) or on an ad hoc basis. In the Pacific, such surveys were rarely carried out more frequently than once every five years.

22. It was felt that for a large number of Pacific countries sample size need not be very large, as households generally tended to be more homogeneous than in many other parts of the world and the expenditure of a relatively small number of randomly selected households could be expected to represent that of the entire population. The Workshop realized, however, that that might not be so in the case of Fiji, for example, which had three distinct expenditure patterns reflecting its three different races; in order to get a representative expenditure pattern for the

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country as a whole, a larger number of households might therefore be necessary. The Workshop also recognized that if the HES were designed for purposes other than or in addition to the derivation of CPI weights, the sample size would generally need to be considerably larger.

23. It was pointed out that in most Pacific countries, the normal pay period was two weeks. Thus it was felt that the reference period for recording expenditure should also be at least two weeks, although the problems of maintaining response rates beyond that period were recognized. Further, the span of household expenditure surveys in the Pacific was generally limited by budgetary considerations to two or three months, which was rarely representative of overall spending patterns throughout the year. In the case of Fiji, however, the Workshop was informed that the reference period for recording expenditure for their current survey was actually reduced from two weeks to one week since statistical tests proved that the differences in expenditure over a 12-month period were insignificant.

24. The difficulty in defining an enumeration unit in Pacific countries was also mentioned. The concept of a household was often hard to define, as many families regularly took their meals together and made their own arrangements for purchase or supply of food, whereas sampling units would probably be selected on a dwelling basis. Expenditure on rent, electricity and so on might thus relate to a single dwelling and expenditure on food to the occupants of several dwellings.

25. Considerable discussion centred on the method of data collection. Some participants stated that diaries had the advantage of providing data at low cost since transportation and interviewers' expenses were limited. However, the diary method could only be used when there was a literate person in the household. Diaries had other disadvantages: for example, some households would not be willing to keep them, while others would drop out after a certain time, making it difficult to maintain a sufficiently large and representative sample throughout the survey period.

26. The interview method, however, had the major disadvantage of relying on the recollection of the respondent and was therefore subject to a margin of error and perhaps to bias or systematic error. The relative advantages of using the interview or the diary method, or a combination of

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the two, were discussed. In the Pacific, generally, an initial interview followed by a diary collection was the usual procedure followed. The Workshop felt that poor experience with respondent recall lapses and high literacy rates in the Pacific tended to favour that method. In that connection, the Workshop studied in detail a questionnaire consisting of the household schedule and diary record book used in Hong Kong's Household Expenditure Survey, 1979/80.

27. The Workshop then discussed definitions of household consumption expenditure for the purpose of the consumer price index. It was pointed out that the concept of household consumption expenditure for that purpose had not been uniformly applied by all countries. In some Pacific countries, for example, the value of own farm or garden produce consumed by households, social welfare and benefits in kind, and imputed rent of owner-occupied dwellings might be considered as non-cash consumption items and hence excluded from the index. The difficulty of deciding whether to include expenditure on credit purchases, gambling and other such items was also mentioned.

28. The Workshop also reviewed the following three approaches which could be used to measure household consumption expenditure:

(a) The consumption approach, that is, the value of goods and services actually consumed during the reference period;

(b) The acquisition approach, that is, the total value of all goods and services acquired during the reference period;

(c) The payments approach, that is, the payments made for goods and services during the reference period, irrespective of whether or not they were actually acquired during that period.

Many participants felt that the acquisition approach was the most appropriate for obtaining the required data and was by far the most frequently used in the Pacific.

29. The Workshop then considered various methods of classifying and selecting items and assigning weights. The probability proportional to size sampling method for the selection of items was discussed, but the Workshop felt that it was quite difficult to use that technique in most countries. The Workshop then studied the derivation of the weights for the selected items and reallocation of expenditures for other items not selected, as it was not possible to gather prices for every single item of consumption.

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30. The reliability of household expenditure surveys was also discussed. Attention was drawn to major discrepancies where HES understated the expenditure on alcohol, catering, tobacco and confectionery, and where adjustments were needed to revise expenditure by using data from other sources. It was also pointed out that changes in behaviour of the respondent might occur during the period of a survey, where an informant became conscious of his or her spending because of record-keeping and decided to reduce expenditure during the period.

31. The Workshop felt that the otherwise time-consuming processing of the raw data collected from household expenditure surveys lent itself very appropriately to microcomputers, which were now widely available in the Pacific.

32. The Workshop was informed of the forthcoming ILO document entitled "A technical guide on consumer price indexes" and looked forward to its publication in early 1984.

33. The Workshop discussed the advantages and disadvantages in the Pacific context of the household survey as a means of establishing the base weights for consumer price indexes. When properly organized and adequately funded, such surveys were able to cover the whole population while distinguishing variations in expenditure patterns among important groups, such as rural and urban households, low- and high-income households, agricultural and non-agricultural workers and so on. The Workshop recognized that the household expenditure survey was logically the most direct method of obtaining weights for the CPI in that consumers were reporting their actual expenditure patterns for the reference period.

34. Notwithstanding those advantages, the Workshop agreed that household expenditure surveys were the preferred source of data only under certain conditions. They were particularly suitable in the larger, more diverse Pacific economies where sufficient statistical resources could be devoted to their supervision and control. The Workshop felt that elsewhere in the Pacific, very serious consideration should be given to the use of administrative records and other official statistics in establishing expenditure weights for the CPI. Because there was little local production in many countries, import data would be very closely related to consumption. Further, administrative records were particularly

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valuable sources of data in the Pacific because of the widespread tendency of government authorities to control sales of a broad range of commodities. In some instances, retail sales information from, for example, a central co-operative buying group would almost certainly yield more accurate data than a household expenditure survey. In any event, such readily available data should always be utilized to supplement or verify information collected from a household expenditure survey, if one had been conducted.

IV. PRACTICAL ASPECTS IN CONSTRUCTING AND COMPILING CONSUMER PRICE INDEXES

35. For its consideration of item 6 of the agenda, the workshop had before it document STAT/PSWPS/5 prepared by the UNDAT consultant.

36. The workshop noted some special features of Pacific countries which needed to be taken into account in setting up and compiling CPIs. Those included the very heavy reliance on imported products and consequently almost total dependence on a shipping service which might be both infrequent and irregular; a limited range of products available for purchase and a restricted choice of brands, styles, pack sizes and so on; and the likelihood that many products would be out of stock more frequently than in other parts of the world. It was also noted that many statistical offices in the region were very small, some with a total staff of only one or two persons, and that since staff turnover was high, inexperienced and untrained personnel often did the work of collecting price data and compiling indexes.

37. In view of the frequent unavailability of many products, it was suggested that the number of items included in the regimen should be limited. There was general agreement that no item should be included unless there was a reasonable probability that its price changes could be monitored regularly over a long period. It was noted that some sections of the CPI posed particular problems in that regard, for example, clothing, furniture, electrical appliances and other household goods. The difficulties of price collection in those areas were increased by frequent changes in fashion, model, brand and quality. It was suggested that in those circumstances the regimen should be concentrated on the most popular and commonly purchased items. For example, the clothing group might be represented by a few everyday articles such as jeans, T-shirts, underclothes and popular dress materials. It could be expected that the prices of more fashionable and expensive garments would change proportionally.

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38. The need for good documentation of CPI procedures was discussed, and the importance of a clear and concise instruction manual was stressed. It appeared that documentation in most countries had been greatly improved in recent years, although a few countries still operated without an instruction manual. It was generally felt that for those smaller countries which often had problems because of new and inexperienced staff, the manual should be very specific and should aim as far as possible to avoid situations where subjective judgement had to be exercised.

39. There was some discussion on the methods of selecting outlets from which prices were to be obtained. In general that was undertaken on a fairly ad hoc basis and very few countries attempted it on a scientific basis such as a random sampling selection process. In a few cases the information derived from a household survey was used to determine the outlets most appropriate for each item. For some smaller Pacific countries, the problem of outlet selection was of no concern because there were so few major outlets and all would be covered. However, the view was expressed that in the large countries existing methods of outlet selection were not completely satisfactory; in particular, new outlets which would reflect the changing pattern of buyer preference were not introduced as soon as they should be.

40. The method of collecting price data was discussed, and there was strong support for direct collection by personal observation at the retail outlets. At the same time it was recognized that in a few countries prices were collected in urban areas remote from the centre where the statistics office was located; in those circumstances some dependence on mail collection of prices was necessary.

41. Considerable discussion was devoted to the way in which item specifications should be set, and it was agreed that precise tightly defined specifications were preferable to generalized specifications. However, it was recognized that tight definitions tended to increase the likelihood of specified products being unavailable at price collection time. Two techniques were noted which could give some flexibility:

(a) The use of "store specific" specifications, that is, using different specifications of the same items from outlet to outlet, according to the most commonly-available product of each;

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(b) The inclusion in the item specifications of alternatives (for example, of brand, pack type and so on) which could be accepted if the exact specified product was unavailable. That technique could be extended to a listing of other brands or pack types which were not acceptable alternatives because of quality differences.

42. The Workshop discussed in some detail the procedures which should be followed when a specified product was unavailable at all outlets. It was agreed that when the item was temporarily out of stock the most recent price should be reproduced, and that procedure was followed by all the countries in the subregion. It was also noted that seasonal products presented very few difficulties for CPIs in the Pacific, but where problems were encountered the preferred and most usual approach was to reproduce the previous price until the item was available again. There was also general agreement that when a specified product became permanently unavailable it should be replaced as soon as possible. The importance was noted of maintaining regular contact with officials at the retail outlets in order to ascertain whether a product was likely to become available again.

43. It was recognized that, while a proper substitution procedure (including the imputation of new base period prices, when necessary) was essential in order to replace permanently unavailable products, quite often such procedures were not utilized. It was noted that in some countries unavailable products were retained in the index, with outdated prices being reproduced unchanged for long periods, in some cases several years.

44. In that context, attention was directed towards the use of the Modified Laspeyres formula, instead of the ordinary Laspeyres formula, for CPI purposes. It was noted that the Modified Laspeyres, while still a base-weighted index which gave exactly the same result as the traditional Laspeyres approach, did so by comparing prices for the current and the previous index period. That greatly simplified substitution procedures by avoiding the need to impute base prices. It was noted that Australia followed that system and that two Pacific countries which had recently adopted it appeared to be implementing substitution procedures more effectively than in the past. At the same time, two operational drawbacks to the Modified Laspeyres were noted - in some cases errors might be

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perpetuated because they became incorporated in the updated item weights, and there was some increase in manual procedures because new weights had to be transcribed onto each new index calculation form. There was no consensus on the desirability of switching to the Modified Laspeyres system, but some participants expressed interest in introducing it when their index was next rebased.

45. The Workshop also considered the procedures followed when the specified item was unavailable at some outlets. It was noted that at least three different procedures were in operation in different Pacific countries:

(a) For outlets where the product was unavailable, the previous price at that outlet was reproduced unchanged;

(b) The movement at outlets where the item was available was imputed to the out-of-stock outlets as well;

(c) The current level of prices was averaged only for those outlets where the item was available.

There was no general agreement on the relative merits of those three procedures. Instead it was considered that ideally the circumstances surrounding each particular case should be taken into consideration in deciding the most appropriate action to take. However, it was noted that that would increase the element of subjectivity in CPI procedures and therefore would not be appropriate for some smaller countries where it was desirable to reduce the amount of subjective judgement required.

46. There was considerable discussion on the appropriate procedures to be followed when products available at the outlets differed in either quantity or quality from those recorded on the item specifications. Most participants indicated that they would not accept prices where the quantity varied (that is, a different pack size) and would not adjust current prices to allow for the difference in size. It was also agreed that no Pacific country had the resources and expertise to assess the impact of quality change and to adjust prices accordingly. The only realistic alternatives were either to accept minor variations in quality and to treat the product as though it was unchanged or, if the quality change was too great to be accepted, to implement substitution procedures.

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47. A particular aspect of quantity change of interest to the Workshop was the hidden changes which might occur in local markets when fresh fruit, vegetables and fish, sold by the heap, bundle, basket etc., might be maintained at a constant price, but with variations in the size of the heap, the number of items in the basket and so on. It was generally agreed that in those circumstances the items had to be weighed or counted in order to derive a comparable series of prices for a constant quantity. It was also noted that frequent measurement of prices in the local market might be needed, including recordings at different times of the day, because of the wide fluctuations in prices which might occur. The problem of price variations through bargaining was also discussed, but that was felt to be relevant to a few Pacific countries only. Where bargaining did occur, the preferred approach was to record the first-quoted price, without any attempt to bargain, because bargaining was very much an individual matter and the price reduction obtainable would not be consistent for different field workers engaged in price collection.

48. The Workshop discussed the frequency of CPI compilation and noted that while some Pacific countries had a quarterly index, others were on a monthly basis. It was generally agreed that compilation less frequently than quarterly was not desirable and that more frequent than quarterly compilation would depend on the expressed needs of individual Governments. Some participants expressed interest in the system operating in Guam, where quarterly compilation of the full CPI was supplemented by monthly compilation of the food group of the index.

49. It was noted that there was some variation in procedures in relation to discount or "special" prices, with the majority of participants reporting that such prices were accepted for CPI purposes, while in a few countries discount prices were regularly ignored and the normal retail prices used. However, it was agreed that discount prices would not be acceptable if they related to stock being sold off cheaply owing to damage or deterioration in quality.

50. The Workshop considered a number of situations when it might be desirable to collect prices additional to those which were required for normal compilation of the CPI. Those could include:

(a) "Shadow pricing", that is, the recording of prices for items not at present in the regimen but which seemed likely to be required in the

near future as substitutes. That technique gave a historical series of prices for the new product if it was brought into the regimen, and that made the substitution procedure easier; the technique was quite widely used in the Pacific, and the Workshop strongly supported it.

(b) In countries where the shipping services were infrequent, a price collection survey immediately after the arrival of a vessel in port was desirable even if it meant collecting prices before the actual reference dates. In that way the most recent prices would be captured if the specified products were to be sold out by the time of the normal price collection dates.

(c) Recording "dummy" prices for some products in order to conceal the exact composition of the regimen. That could help to prevent the manipulation of the CPI which could occur through the deliberate introduction of price changes of products known to be in the regimen. The procedure had been used in at least one Pacific country, and although at present it did not appear to be generally necessary, the dangers of outside manipulation of the CPI (especially where the index was used for wage adjustment purposes) were recognized by the Workshop. For example, it was noted that the selective imposition of price controls on items in the regimen could affect the accuracy with which the index measured price trends.

51. The Workshop noted that Pacific countries relied very heavily on imported produce and that to a large extent they had no control over the rate of inflation. One or two countries did attempt separate measurement of price trends for local and imported products. It was generally felt that, while such measures were potentially very useful, they could not easily be made accurately. The main difficulty if was that many CPI items comprised a mixture of local and imported content (for example, electricity charges and public transport fares, which incorporated a mixture of local wages, imported fuel, and so on) and hence could not be strictly classified to one category or the other.

52. In considering the methods of processing CPIs in the Pacific, it was noted that computer processing was currently used by only one country represented at the Workshop. It was felt that the arithmetic operations of a CPI were so straightforward and inexpensive that they were exceptionally suitable for computerization. It was noted that there was

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now a wide range of microcomputers throughout the Pacific, and the relatively small size of most CPIs suggested that they could easily be handled by any microcomputer with floppy disc drive attached.

53. At the same time it was acknowledged that there was a shortage of programming skills in the subregion, and computer processing of CPIs might be practicable only if suitable software was either available or could be developed. It was suggested that an approach be made to the Statistical Institute for Asia and the Pacific (SIAP), Tokyo, which had a software demonstration centre, to see if any suitable software existed. It was considered that the initial steps in the index computation, including item replacement and the calculation of average prices of each item, might be too country-specific to be handled by standard software. If so, it would be preferable to continue with manual processing of those steps. However, the final stages of the index computation process appeared to lend themselves particularly well to standard programmes, and it was hoped that software might be obtainable to provide Pacific countries with the facility to undertake those stages on a microcomputer without the need for programming expertise.

V. CASE STUDY IN CONSUMER PRICE INDEXES: THE AUSTRALIAN EXPERIENCE

54. The Workshop had before it for consideration the paper entitled "Case study in consumer price indexes: the Australian experience" (STAT/PSWPS/4). The Workshop also took note of documents STAT/PSWPS/6 and STAT/PSWPS/7 published by the Australian Bureau of Statistics.

55. Emphasis was given in the presentation of the paper to the long history of retail price indexes in Australia and to the significant use made of such indexes in wage fixation, both historically and in recent years.

56. The conceptual basis of the Australian CPI was discussed with specific reference to the treatment of house purchase as consumption expenditure within the scope of the index.

57. The Australian CPI provided the Workshop with an example of an index where the item weights had been determined without the benefit of a household expenditure survey (HES). Only one of the 10 reviews of the CPI had been based on HES data. The data sources used in deriving the

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weighting structure of the latest CPI series were outlined. The main problems in using non-HES data sources were the difficulty of estimating intermediate usage, of obtaining estimates of expenditure on some service items and in relating the estimates of expenditure to a particular subgroup of the population. However, it was noted that in a number of Pacific countries those problems were less serious, as intermediate usage was not so important, service items were not significant areas of expenditure and the population was relatively homogeneous. The Australian experience served to reinforce the Workshop's earlier conclusion on the roles of the HES and other data sources in determining a weighting pattern for a CPI.

58. The discussion of Australian CPI price collection procedures focused on the use made of specialist price collection staff, whom the Bureau of Statistics had little difficulty in retaining. The advantages of personal visit collection by such experienced statistical personnel were emphasized. Australia used relatively tight item specifications, which the Workshop had earlier agreed were desirable. The Workshop also recalled the importance of keeping confidential the precise item specifications in order to safeguard the integrity of the index.

59. The Australian CPI provided the Workshop with an example of a manual compilation system based on a version of the Modified Laspeyres approach discussed earlier (see paragraph 44 above). The advantages in using that type of approach were that new specifications could be readily introduced with there being no requirement to impute base period prices or to calculate "link" or "splice" factors as such. The system also allowed the "internal" weights used within each expenditure class to be readily changed between CPI reviews, thus allowing the index to be more representative of current expenditure patterns.

60. Australian compiling procedures were discussed with respect to the treatment of items for which prices were not available from some respondents. It was noted that in the Australian CPI such situations were handled by repeating the last recorded price, imputing the price movement shown by the other respondents, or simply using the average of the prices collected. The choice between those options was made after consideration of price movements at the respondent level over previous quarters. The

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Workshop recalled that for most Pacific countries a less subjective approach was required, with firm rules provided on the approach to be taken in such situations.

61. The treatment of quality change in the Australian CPI was discussed with specific reference to:

(a) The treatment of changes in the quantity of the item priced. Where such changes were relatively small, the quality adjustment was based on an adjustment proportional to the quantity change. It was emphasized that where quantity changes were large, proportional adjustment should not be used, but rather the new size should be regarded as a new item for which the unit price was not comparable to that of the previous size;

(b) The treatment of more complex quality changes, in particular for clothing and motor vehicles. The Workshop concluded that for the majority of Pacific countries the Australian approach of directly measuring quality changes was not feasible, given the limited expertise and resources available. In those circumstances it was concluded that the only viable approach was to substitute the new item for the old item, that is, to "splice".

62. The Workshop also noted with interest other detailed aspects of consumer price collection work in Australia, including the periodicity of pricing various items, the number of items priced for each expenditure class (which depended not only on index weights but also on price volatility and dispersion), the occasional purchase of goods such as clothing to check on quality, the treatment of "hidden" quantity changes and of "free" gifts offered with merchandise and so on.

VI. AN INTEGRATED AND CO-ORDINATED APPROACH TO THE DEVELOPMENT OF PRICE STATISTICS

63. The Workshop considered the item on the basis of the documents entitled "A summary review of major international requirements for price statistics" (STAT/PSWPS/2) and "The development of an integrated and co-ordinated approach to national price statistics work" (STAT/PSWPS/8), both prepared by the United Nations Statistical Office.

64. The Workshop was informed that ILO and the United Nations Statistical Office shared the responsibility for promoting and developing

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the methodology of price statistics. In the field of price statistics, ILO dealt with consumer and retail price indexes, whereas the Statistical Office devoted its work to other price indexes. The implementation and co-ordination of the international price statistics programme were the general responsibility of the Statistical Office.

65. The Workshop's attention was drawn to the requirements of price statistics for purposes of (a) general macro-analysis, (b) balance-of-payments-related studies and (c) international pricing. The Workshop discussed the relevant price indexes and related indicators in the context of the detection, monitoring, analysis and forecasting of inflation. The Workshop recognized that special indicators not related to price statistics were helpful in determining price competitiveness in international trade and for other aspects of balance-of-payments analysis.

66. The Workshop noted that the Programme of Action for the Establishment of the New International Economic Order and the Integrated Programme for Commodities of the United Nations Conference on Trade and Development (UNCTAD) entailed stabilization of the prices of primary commodities and of developing countries' export earnings. The various price indexes required to monitor such stabilization were briefly reviewed. The Workshop noted that Pacific island economies were usually dependent on very few export commodities.

67. The Workshop discussed at length the demands for appropriate classifications to satisfy the requirements of an integrated and co-ordinated approach to the development of price statistics. The advantage of comparability through using the International Standard Industrial Classification of All Economic Activities (ISIC) for foreign trade price indexes was recognized by the Workshop, but it was also stressed that for most smaller countries, the collection and compilation of unit values in terms of the Standard International Trade Classification (SITC) would be all that was feasible. The Workshop noted that the compilation of import price indexes in terms of ISIC was less feasible for most Pacific countries than the compilation of export price indexes. The Workshop was informed that currently only a few developed countries, including Australia, were calculating specification price indexes in terms of two-digit ISIC categories.

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68. In the context of examining the international price statistics programme, the Workshop compared the role of price indexes of private final consumption expenditure with that of consumer price indexes. Many countries only had the resources to compile one type of index; the role of the consumer price index as a social indicator was often more important than the role of price indexes of final expenditure, even though the latter were the more appropriate measure of overall inflation.

69. The Workshop briefly noted the role of various price indexes in deflating national accounts. It recognized that deflators usually represented a mix of year-to-year price changes of Laspeyres-type indexes. The Workshop noted that the international price statistics programme could contribute considerably to the more accurate deflation of national accounts, flows, because it incorporated a comprehensive set of subaggregate indexes.

70. The Workshop was informed about the order of priority for the different subprogrammes of the international price statistics programme suggested by the Joint Conference of African Planners, Statisticians and Demographers at its second session. In principle, the Workshop felt the proposed order of priorities to be broadly appropriate for the countries of the Pacific subregion, but felt that higher priority should be accorded to the extension of the scope and coverage of consumer price indexes.

VII. PRICES OTHER THAN CONSUMER PRICES, WITH EMPHASIS ON PRICES IN INTERNATIONAL TRADE

71. For the consideration of item 9 of the agenda, the secretariat introduced the document entitled "Non-consumer price indexes with an emphasis on indexes of international trade" (STAT/PSWPS/3), prepared by the New Zealand Department of Statistics.

72. The Workshop noted that in practice three types of index formulae (the Laspeyres, Paasche and Fisher Ideal) were used in index calculation. Depending on the intended coverage of the items to be priced, the formulae could be used to compile specific indexes as desired. The Workshop noted also that in general the Laspeyres price index was used when the weighting patterns did not change greatly from year to year. Paasche or Fisher indexes might be more suitable when weighting patterns were changing rapidly. Results obtained using the Fisher Ideal index were compared with

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those from Laspeyres and Paasche indexes. The Workshop observed that, while the Fisher index smoothed out the wide variations that might occur between Laspeyres and Paasche index numbers, it was rather difficult to describe what Fisher index numbers actually represented.

73. The Workshop noted that for the compilation of international trade indexes, there were basically two possible sources of data input: unit values derived from international trade statistics, and specification prices collected from exporters and importers. In that connection, the Workshop recalled that several developed countries were compiling trade indexes based on specification prices, but noted that New Zealand found unit value indexes to be satisfactory.

74. It was pointed out that though it might be convenient to compile unit value indexes from international trade statistics, the unit values which served as proxies for price data were only meaningful when the items for which they were calculated were homogeneous. The Workshop noted that goods falling within an SITC item but imported from different countries could be of different quality and thus might not be strictly comparable. Unit values in respect of those SITC items would therefore be misleading, and further inaccuracy resulted when there were changes in product mix over time. It was therefore necessary to examine the trade data to decide whether goods within the same classification category but from different countries could be considered as adequate substitutes. The Workshop noted New Zealand's experience that that was the case with most goods; however, the New Zealand external trade index processing system also provided an option whereby it was possible to calculate indexes for country groupings and for specified collections of items.

75. The Workshop noted that export prices varied according to the quality of the commodity. In order to ensure that quality-specific unit values could be calculated, it was possible to introduce more detailed coding in respect of export commodities. In Malaysia, for example, specific codes were provided for the various grades of rubber exported.

76. It was noted that the alternative to the unit value approach, namely, direct pricing, entailed decisions on the regimen, the item specifications, the respondents (importers and exporters) and the time of

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pricing. The Workshop noted also the work-load often involved in direct pricing, although for exports some developing countries were already using direct specification pricing; that might be feasible for certain countries in the Pacific with a very few important export commodities.

77. The Workshop observed that items for which unit values could not be compiled and for which prices were not obtainable through a price survey might either be ignored or their price movements imputed from trends for related items - as was done in New Zealand for 40 per cent of imports and 10 per cent of exports. Alternatively, the indexes of major trading partners could be utilized.

78. The Workshop noted that apart from the various valuation bases in use, the valuation of international trade transactions was seriously affected by exchange rate fluctuations. In New Zealand the exchange rates on the transaction day were used to convert other currencies to New Zealand currency. The values used for index compilation were based on transaction values, and for those export items where prices were not available the exporters' estimate of price was used. C.i.f. (cost, insurance, freight) value was used for imports.

79. It was noted that international trade indexes measured changes in price levels expressed in national currencies. In order to study the competitiveness of exports, exchange rates also had to be taken into consideration. Processing systems could be designed to provide trading-partner-specific export price indexes.

80. The quality of trade indexes clearly depended on the quality of the constituent price data or unit values. The Workshop noted that in New Zealand final trade data underwent further editing for index production to ensure that unit values could be calculated and were reasonable. Items where price movements exceeded 10 per cent per quarter or 25 per cent annually were flagged for further examination before being accepted for processing.

81. The Workshop noted that the most resource-efficient method of index compilation was to select a certain number of items which dominated trade and to ensure that data relating to them were accurate. The remaining items could then be imputed.

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82. The Workshop examined a possible strategy for the development or revision of indexes of international trade. Assessment of any current system should include its timeliness, accuracy, relevance to known user needs and efficiency in terms of manpower and computer resources. Before embarking on the compilation of indexes, it was very desirable to consult with potential users. That would ensure that users' needs could be met reasonably well and thus subsequent ad hoc exercises to compile additional data could be avoided or minimized. In addition, the Workshop noted that the methodology used in index compilation also needed to be examined. That called for decisions on, inter alia, the source of data, the level of aggregation, imputation methods, the formulae to be adopted, the method of data processing and the retention policy for input data.

VIII. ADOPTION OF THE REPORT

83. The Workshop adopted its report on 8 October 1983.

/Annex

Annex

LIST OF DOCUMENTS

Document No.	Title
STAT/PSWPS/L.1	Provisional agenda
STAT/PSWPS/1	The role of household income and expenditure surveys in the development or revision of a consumer price index (note by the Internaticnal Labour Office)
STAT/PSWPS/2	A summary review of major international requirements for price statistics (note by the United Nations Statistical Office)
STAT/PSWPS/3	Non-consumer price indexes with an emphasis on indexes of international trade (note by the Department of Statistics, New Zealand)
STAT/PSWPS/4	Case study in consumer price indexes: the Australian experience (note by the Australian Bureau of Statistics)
STAT/PSWPS/5	Practical aspects in constructing and compiling consumer price indexes
STAT/PSWPS/6	A guide to the consumer price index (Australian Bureau of Statistics)
STAT/PSWPS/7	Consumer price index - June quarter 1983 (Australian Bureau of Statistics)
STAT/PSWPS/8	The development of an integrated and co-ordinated approach to national price statistics work (note by the United Nations Statistical Office)

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Country papers

STAT/PSWPS/CRP.1	Status of price statistics in Fiji
STAT/PSWPS/CRP.2	(Fiji) Consumer price index, 1979 = 100
STAT/PSWPS/CRP.3	The Guam Consumer Price Index: 1978; Market Basket and Expenditure Weight Adjustment
STAT/PSWPS/CRP.4	Guam Consumer Price Index: Quarterly Report, April-June 1983
STAT/PSWPS/CRP.5	(Guam) Monthly Food Index for July 1983

Document No.	Title
STAT/PSWPS/CRP.6	Status of price statistics in Kiribati
STAT/PSWPS/CRP.7	Country paper: Papua New Guinea
STAT/PSWPS/CRP.8	Samoa country paper
STAT/PSWPS/CRP/9	Price statistics in Solomon Islands
STAT/PSWPS/CRP.10	Kingdom of Tonga: Consumer price index
STAT/PSWPS/CRP.11	Country statement: Republic of Palau
STAT/PSWPS/CRP.12	Tuvalu retail price index
STAT/PSWPS/CRP.13	Country statement: Vanuatu
STAT/PSWPS/CRP.14	Vanuatu Statistical Bulletin: Consumer price indexes, 1980-1982
STAT/PSWPS/CRP.15	An analytical look at index numbers of consumer prices in Vanuatu

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STAT/PSWPS/CRP.16	South Pacific Commission, Statistical Bulletin No. 21: Retail Price Indexes 1981
STAT/PSWPS/CRP.17	The Sample Design as at 1979 (extract from the Family Expenditure Survey Handbook, Office of Population Censuses and Surveys, United Kingdom of Great Britain and Northern Ireland)

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Background documents

Guidelines on Principles of a System of Price and Quantity Statistics, Statistical Papers, Series M, No. 59 (United Nations publication, Sales No. E.77.XVII.9).

Strategies for Price and Quantity Measurement in External Trade, Statistical Papers, Series M, No. 69 (United Nations publication, Sales No. E.82.XVII.3).

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UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL

GENERAL

E/ESCAP/STAT.6/11
9 October 1985

ORIGINAL: ENGLISH

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

Committee on Statistics

Sixth session
19-25 November 1985
Bangkok

DEVELOPMENT OF ECONOMIC STATISTICS

(Item 6 of the provisional agenda)

REPORT OF THE ASIA-PACIFIC SEMINAR ON THE INTERNATIONAL COMPARISON PROJECT AND PRICE STATISTICS

Note by the secretariat

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I. ORGANIZATION OF THE SEMINAR

1. The Asia-Pacific Seminar on the International Comparison Project and Price Statistics, organized by the secretariat of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) in collaboration with the Government of Japan, was held at Sapporo, Japan, from 16 to 22 October 1984. Financial support and host facilities were generously provided by the Government of Japan.

Attendance

2. The Seminar was attended by 46 participants from 14 members and associate members of ESCAP: Bangladesh, Hong Kong, India, Islamic Republic of Iran, Japan, Malaysia, New Zealand, Pakistan, the Philippines, Republic of Korea, Singapore, Sri Lanka and Thailand. Representatives of the United Nations Statistical Office, the Statistical Institute for Asia and the Pacific (SIAP), the United Nations Conference on Trade and Development (UNCTAD), the World Bank, the Asian Development Bank (ADB) and the Statistical Office of the European Communities (SOEC) also participated.

3. The participants in the Seminar attended the public lectures given by Mr. Peter Hill, of the Organisation for Economic Co-operation and Development (OECD), and Mr. Yoshimasa Kurabayashi, Director of the United Nations Statistical Office. In Mr. Kurabayashi's lecture, entitled "The United Nations International Comparison Project: past, present and future", a summary of the theoretical and methodological development of the Project and some analyses of available data were given. Mr. Hill's lecture entitled "Purchasing power parities and international comparison of real gross domestic product", presented a critical analysis of common methods of comparing the real GDP (gross domestic product) of different countries, and discussed the properties required of methods of comparison.

Opening addresses

4. The Chief of the ESCAP Statistics Division welcomed the dignitaries, participants and resource persons to the Seminar and thanked the Government of Japan in particular, and the Prefectural Government of Hokkaido and the City of Sapporo for their generous support, warm hospitality and fine host facilities. There was a sense of history in the Seminar because it was the first meeting on the International Comparison Project in the ESCAP region with the specific objective of discussing more meaningful methods for comparing the economic and social development of the member countries through the development and use of ICP.

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5. In his inaugural message, read to the Seminar by the Director-General of the Statistics Bureau, His Excellency Mr. Susumu Yamaji, Administrative Vice-Minister, Management and Co-ordination Agency, observed that the International Comparison Project which had been started by the United Nations Statistical Office in collaboration with other organizations and agencies, was an important mechanism for intercountry comparisons. With increasing interdependence among countries, it was essential to promote international co-operation in such useful projects as ICP. The current Seminar organized by ESCAP would no doubt contribute in that regard, since it would not only help in implementing the ICP in the region but would also help in the development of price statistics as well as other essential data series needed for planning and policy purposes.

6. The Honourable Mr. Takahiro Yokomichi, Governor of Hokkaido Prefecture, in welcoming the participants, recalled that Japan had 30 years of association with ESCAP, formerly known as the Economic Commission for Asia and the Far East (ECAFE). He briefly recounted the development efforts covering agriculture, transport, industry and so on in the Hokkaido Prefecture which possessed 22 per cent of the land area of Japan. Comprehensive statistical information was vital for planning such development. The Seminar was thus very opportune in that regard as well as for promoting friendship between Hokkaido and countries attending the meeting.

7. The Mayor of the City of Sapporo, the Honourable Mr. Takeshi Itagaki, also welcomed the participants and stated that the city was greatly honoured to have been selected as the venue for the Seminar. Such an international event would strengthen friendly relations, promote co-operation and contribute to economic and social development in the region.

8. In his message, the Executive Secretary of ESCAP expressed his sincere gratitude to the people and the Government of Japan for their support to several ESCAP activities during 1984. In the field of statistics, the Seminar was the second meeting during the year generously financed and hosted by the Government of Japan. That was certainly indicative of the evident importance that the Japanese authorities attached to statistical development in the region for sound planning and policy-making.

9. The Executive Secretary observed that price statistics were used for a wide variety of purposes, extending from an assessment of the current performance of the economy to the formulation of longer-range economic policies and analysing economic behaviour. In addition, price statistics were

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required for both temporal and spatial comparisons. They also formed an integral part of the International Comparison Project which had been initiated as far back as 1968 to develop a detailed methodology for intercountry comparisons of GDP and the purchasing power of currencies. The Executive Secretary noted that in the process of implementation through its first four phases, ICP also provided impetus for the development of statistics in other fields and helped in identifying statistical deficiencies, both nationally and internationally. The fifth phase was to commence in 1985, with emphasis on methodologies for developing countries. The regional Seminar was thus very timely, since not many developing countries of the ESCAP region had hitherto participated actively in ICP. The conclusions and recommendations emerging from the Seminar would have an impact on the future statistical activities of ESCAP and would certainly assist in enhancing the statistical systems and capabilities of the countries.

Election

10. The Seminar elected Professor Toshiyuki Mizoguchi (Japan) Chairman and Mrs. Alice Goh Soke Ngoh (Singapore) Vice-Chairman. Mr. Leonard Cook (New Zealand) was elected Rapporteur.

Adoption of the agenda

11. The Seminar adopted the following agenda:

1. Opening of the Seminar.
2. Election of officers.
3. Adoption of the agenda.
4. Introduction to the International Comparison Project (ICP), including Phase IV results and proposed activities in Phase V.
5. Price statistics in the ESCAP region.
6. The expenditure framework of ICP:
   (a) The Phase V expenditure classification;
   (b) Use of national accounts and related data by countries in preparing ICP expenditures.
7. Problems in making price comparison:
   (a) Item selection;
   (b) Assuring comparable outlets, item quality and conditions of sale for goods and services;

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(c) Estimation of national average prices;

(d) Treatment of house rents;

(e) Comparisons of non-priced goods and services and use of input prices.

8. Methodological issues in ICP.

9. Special lectures.

10. Conclusions and future action.

11. Consideration and adoption of the draft report.

12. The documentation prepared for the Seminar is listed in the annex to the present report.

13. The participants, resource persons, observers and visitors from overseas expressed their warm gratitude to the Government of Japan for providing excellent host facilities and full administrative support for the Seminar. The generous hospitality of the central government, the Prefectural Government of Hokkaido and the City of Sapporo was deeply appreciated.

II. INTRODUCTION TO THE INTERNATIONAL COMPARISON PROJECT, INCLUDING PHASE IV RESULTS AND PROPOSED ACTIVITIES IN PHASE V

14. The Seminar considered the papers entitled "Report on phase IV of the International Comparison Project (ICP)" (STAT/SICPPS/12), prepared by the United Nations Statistical Office, and "General outline of the International Comparison Project" (STAT/SICPPS/2), prepared by the Statistical Office of the European Communities which reported on the completion of Phase IV activities, the organization and implementation of Phase V, and the direction for future work.

15. Phase IV of ICP, with 1980 as the reference year, was approaching its final stages of completion through the co-operation of international organizations which included the United Nations Statistical Office, the Statistical Office of the European Communities (SOEC), the Organisation for Economic Co-operation and Development (OECD) and others. The role of the United Nations Statistical Office was that of co-ordinator of Phase IV activities. It also computed purchasing power parities among the six main groups of countries: (i) the African-SOEC group, (ii) the European-SOEC group, (iii) Group II in Europe, (iv) the OECD group, (v) ECLA (Economic Commission for Latin America) group and (vi) the remaining ECWA (Economic Commission for Western Asia) and ESCAP countries. Phase IV world comparisons were used to

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estimate real product in each group and distribute that product among its members according to the results obtained. Whether Phase V would follow the same procedure as Phase IV towards those intraregional and interregional comparisons could not be predicted at that time, as it would depend on further analysis of the costs and benefits as based on Phase IV experiences. The report on Phase IV was to be published soon in two volumes, the first volume containing results for 1980 at the level of GDP and the main aggregates, and volume II extending the presentation of volume I, including descriptions of the work for each group of countries, the methods employed at the detailed level, the expenditure classification and the aggregation procedures.

16. The Seminar was informed that an interorganizational group on ICP had met three times in recent months to discuss Phases IV and V. An interorganizational framework for ICP was developed to overcome the limited resources available for ICP work in the United Nations Statistical Office and to allow for the increasing role that the regional commissions, SOEC and, more recently, OECD were assuming. In addition to its co-ordinating role, the United Nations Statistical Office would be responsible for the core country comparisons during Phase V. Sixteen countries had been asked to assume the role of core countries for the 1985 comparisons.

17. Initially, the United Nations Statistical Office would be involved in estimating purchasing power parity (PPP) at the level of about 150 detailed headings and categories for the core countries. Those detailed PPPs could then be linked to the regional comparisons using the relation of the PPPs of the core countries to non-core countries in their region. As part of the Phase V exercise, the category and item codes were being harmonized. A collated 1980 specification list had been distributed to core countries in September 1984. An interorganizational meeting had taken place at Bellagio, Italy in September 1984 to adopt procedures for finalizing the items list for core countries and discuss future plans for Phase V. A summary report of the meeting was distributed as an information paper at the Seminar.

18. The Seminar was also informed that during Phase IV, a manual on ICP had been initiated in 1981, an outline of which had been completed and the first three chapters drafted by early 1983. Those chapters had been circulated for comments and though there was strong support for the work on the manual to continue, several other issues had arisen resulting in its discontinuation. One fundamental question of methods involved the item selection, weighting of

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items within categories and estimation of PPP at the basic heading (or category) level. Other special issues concerned the treatment of quality differences and comparison of construction and of services such as government, education and health. Those subjects had been discussed at the Bellagio meeting and they were included in the papers for the Seminar. The Bellagio meeting had also discussed the role that chain-linking could play in the aggregation of results across groups of countries.

19. For the future, there would be further attempts to integrate ICP data requirements into both the national statistical needs and other international requests. In 1983, steps had been taken to integrate the additional marginal data required by ICP with the national accounts questionnaire, and that would be followed up. With respect to price data, attempts at integration would be made in the following three areas: (a) the specifications of items and expenditures which it would be feasible to identify and price, and which might be useful to countries in their national statistical work whether or not they participated in ICP, would be promoted; (b) where ICP work was being carried out without a strong set of national price indexes, attempts would be made to promote improvement in national price indexes while meeting ICP data needs; and (c) prices collected for use in post adjustment could be useful for ICP purposes, and vice versa. Such interchange and dual use of information would be further promoted.

20. Attention was given to the degree of disaggregation of the expenditure classification requested in ICP. On the one hand, it was mentioned that reliable national accounts data were difficult to compute on a very detailed level and that might give rise to distortion in the quantity ratios between countries. On the other hand, it was argued that price ratios of individual product groups would often show high dispersions and therefore equal weighting might also introduce a bias in the results. For that reason, it was stressed that CPI (consumer price index) weights might be used to the extent possible in order to provide a more detailed breakdown of national accounts expenditure figures.

21. One country expressed some reservations on the publication of the ICP results in the regular publications of the United Nations, as the results would then be taken as very reliable. The United Nations Statistical Office informed the Seminar that the ICP results pertaining to individual countries would be published only with the consent of the countries concerned.

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III. PRICE STATISTICS IN THE ESCAP REGION

22. The Seminar heard brief statements from the participants, based on papers submitted by them (STAT/SICPPS/CRP.2-7 and STAT/SICPPS/CRP.10-17) on the current status of price data collection in their respective countries. Almost all countries represented at the Seminar were collecting producer, wholesale, and retail prices, and prices of export and import items, and compiling related indices. Some of the countries were compiling consumer price indices for urban and rural groups respectively.

23. While a majority of countries were revising their base periods at fairly frequent intervals, a few countries still used base periods which were more than 10 years old. The formula used for compiling the indices in most cases was the base-weighted Laspeyres type.

24. In some countries, price collection and compilation of indices were being undertaken by several authorities. In one case, as many as 28 independent agencies were responsible for the range of prices collected.

25. The Seminar noted that there were nine countries or areas - Hong Kong, India, Indonesia, Japan, Pakistan, Philippines, Republic of Korea, Sri Lanka and Thailand - in the ESCAP region, which had participated in Phase IV of ICP, with others having been involved in one or more of the earlier phases. At least three more countries - Bangladesh, New Zealand and the Islamic Republic of Iran - were expected to participate in Phase V.

26. Nearly all ESCAP member countries represented had developed national accounting systems which provided the starting point for the ICP exercise. However, further improvements in GDP estimates needed to be made in many cases and the international agencies should devote greater attention to that. The ICP exercise required the expenditure breakdowns of GDP according to certain detailed categories beyond the national accounts minimum framework, and prices of a number of commodities and services with specifications comparable with those of other countries. Price index systems existed at present, but were geared to national requirements and not to those of ICP.

27. Many countries had the statistical expertise to carry out the additional work of ICP; however, many difficulties were noted. The Seminar recognized that the principal problem for countries of the ESCAP region which were to participate in Phase V of ICP was the lack of resources to undertake the additional work required, budgets for national statistics being very limited. Other significant issues were: (a) a majority of the commodities

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included in ICP, and the existing detailed specifications had little relevance to construction, or the production and sale of goods and services in countries in the ESCAP region; (b) data did not exist for the detailed disaggregations of the national accounts expenditure aggregates required for ICP, and the consequent unreliability of any detailed estimates was a matter for concern; (c) the necessity of undertaking the detailed price-collecting surveys needed for ICP alone was resource-consuming; (d) insufficient resources to prepare and agree on regional specifications in time to price in 1985 for Phase V of ICP; (e) difficulties of co-ordination in some countries between price collection agencies, national accounts bureaux, and the statistics office responsible for ICP work; (f) problems of obtaining annual averages at the national level under conditions of insufficient data; (g) conceptual issues connected with quality changes, disappearance of items from the market, seasonal unavailability, and so on; (h) limited understanding about the purpose or objectives of the exercise and its benefits from information available to countries in the ESCAP region; (i) existing inherent problems of collecting price statistics relating to services, construction, capital equipment, own-account construction, unmarketed products, rental of owner-occupied dwellings and so on, exacerbated by the need to collect prices according to ICP specifications which were not relevant to the goods normally produced or traded in countries in the ESCAP region; and (j) difficulties of collecting data for past periods in certain cases and their extrapolation to the bench-mark year.

28. The Seminar considered those problems briefly. Although no conclusive solutions emerged on many of the issues, the discussions clearly brought out the necessity for further research and studies, the importance of commodity-listing and specifications suitable or relevant to certain countries of the region, and the necessity to organize training courses and prepare simple manuals for the use of statisticians from developing countries.

29. The Seminar noted that integration of ICP price collection work with the country's own regular programmes of price collection was likely to better ensure consistency and economy, and avoidance of duplication. The co-operation of the countries of the region in evolving a suitable regional list was stressed. The United Nations Statistical Office, in collaboration with SOEC and other agencies, would integrate the current commodity listings and specifications and would circulate them to countries for their suggestions early in 1985.

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30. The Seminar noted that with regard to the appearance of new items on the market, the common practice currently adopted by the countries of the region was to ignore temporarily the existence of such items until the next revision of the indices.

31. The problems of constructing a building cost index were discussed. The Seminar noted that some countries compiled the index through the prices of selected building materials while others attempted to obtain data of building costs through a survey of those costs estimated by architects.

32. Participants in the Seminar questioned the practice in certain countries participating in Phase IV of ICP of extrapolating the price quotations relating to earlier years by using index numbers. Thus, in one country the 1975 prices were extrapolated to 1980 in the construction sector for its Phase IV studies; that was not considered very appropriate.

33. The Seminar heard with interest that owing to the heterogeneity of commodity items in certain SITC groups for which the unit value index would present misleading results, several participating countries conducted price surveys for specified items to produce their external trade indexes.

34. The Seminar took note that there were different methods adopted by countries in the compilation of national average prices of commodity items. Despite the problems of quality difference in priced items between regions, national average prices were being produced. Those average prices were computed based on one of the three methods, namely, simple average price computed from available price quotations, prices weighted by the population of the pricing centres, and prices weighted according to the quantity of the commodity consumed in the pricing centres. The last method had to depend on the availability of other data which were difficult or costly to obtain through special surveys.

35. The Seminar noted that for those countries which had to undertake special surveys for ICP, the required additional resources had become a burden, especially where budgetary constraints were severe.

36. The Seminar was informed by several participants of the need for organizing training programmes for personnel engaged in ICP work to better appreciate the objectives and uses of ICP studies, including data collection procedures.

37. The Seminar was advised by SOEC of the long-term benefits of participation in ICP, in the improved base data for national accounting and greater integration of national accounts with price indexes.

IV. THE EXPENDITURE FRAMEWORK OF ICP

A. The Phase V expenditure classification

38. For the consideration of that item, the Seminar had before it the document entitled "The expenditure classification and related data requirements" (STAT/SICPPS/3) prepared by SOEC. The document described the detailed classification scheme which had been proposed for the Phase V world-level comparison within ICP. The full detailed classification was given for reference purposes in the appendix to the paper (STAT/SICPPS/3/Add.1). The main paper discussed the areas of development of the classification proposed in relation to the scheme adopted in Phase IV of the project, and described in some detail the structure of the classification proposed for handling services comparisons and the techniques of such comparisons themselves.

39. Several important points were raised in the paper. The proposal to separate own-account construction from total residential construction was discussed by the Seminar. For some countries the separation would not be straightforward owing to consolidated estimates being produced in the construction of their national accounts. Some other countries, however, considered that that would not pose the same degree of difficulty. Some participants suggested such separation, which was consistent with the experience of the African ICP participants. It was pointed out that in Phase IV, the African countries participating in ICP had specifically requested such development of the ICP classification because of its relevance to their circumstances. With regard to the degree of details requested in the classification, doubt was expressed as to whether it could be achieved by the statistical systems. That resulted from, for example, the determination of final household consumption expenditure as a residual, thus contributing to the difficulty of determining its components. Another issue was the difficulties of comparing general government services through comparisons based upon input quantities (direct or indirect), owing to the variability of productivity internationally.

40. In considering those points, the Seminar made two general points regarding the adoption of the ICP proposals within the ESCAP region. First, it was considered that it would be exceptional for current national accounts practice to produce the details required by the classification directly. Subsidiary data sources would be required to support disaggregation of the major national accounts estimates. Such relevant data sources would include

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household budget survey analyses and agricultural production statistics, for example. Second, the classification proposed should be viewed as a target for the minimum to be adopted for the world comparison. It was likely that a more detailed and expanded scheme might be adopted in some regions (by further disaggregation from the target only, hence retaining the possibility of consistency between regional procedures). It was important for the countries of the region to consider carefully whether or not the requirements of the proposal could be met nationally, taking account of all relevant data sources, since reductions from the extent of the proposed breakdown adopted in any region would also influence the level of detail at which the subsequent world-level comparison could be carried out.

B. Use of national accounts and related data by countries in preparing ICP expenditures

41. Under the item, the Seminar considered the document entitled "The operation of public final consumption expenditure and gross capital formation in ICP" (STAT/SICPPS/6) presented by an expert from Japan. The paper identified the problems in adopting the methodological procedures of ICP in the case of Japan for the years 1967 and 1983.

42. With regard to the public final consumption expenditure, the Seminar was informed of the difficulties in implementing the educationally-based subdivisions for compensation of employees. Expenditures on commodities could be estimated by utilizing the input-output tables. As to capital formation, the total amount of fixed capital formation in Japan was estimated from national account figures used by the commodity-flow method. In a price survey and with the specifications of producers' durables, it was possible to investigate the list price, but it was difficult to investigate the discount price or the export price. Another difficulty was in finding the data corresponding to those specifications. Similar problems existed with the construction investment, especially in respect of residential buildings.

43. Noting that ICP was always attended by difficulties in the comparison of prices and specifications, it was suggested that pricing work should proceed with the co-operation of the related ministries and industry associations. The exercise could be facilitated by using the experiences of other regions on price data and specifications, for example those from SOEC, which could be used in the Asian and Pacific countries. The Seminar endorsed those ideas.

44. The Seminar also considered the document entitled "Some problems on the treatment of government services in the United Nations International Comparison Project (ICP)" (STAT/SICPPS/7) which had been prepared by another expert from Japan. In the document it was observed that the distinction between consumption expenditure of the population and government or public final consumption expenditure was not based on the distinction between private goods and public goods, but should be deemed to be based on the concept of the total consumption of the population. Government services regarded as total consumption of the population (TCP) were included in ICP consumption and those regarded as non-TCP were left in ICP government. In the current treatment of the ICP, the "input" approach was adopted for both TCP and non-TCP components of government services. However, the United Nations manual on national accounts at constant prices had recommended the input approach only for the latter in the context of inter-temporal comparisons, which should be regarded as a closely related area in international comparisons. In accordance with the recommendation, the input approach should be confined to non-TCP components of governments services. As to price and quantity comparisons for government categories from the input side, the document suggested that (a) capital consumption should be treated separately from intermediate consumption, (b) the price ratio between goods purchased by the government sector and the same goods purchased by the private sector should be considered, and (c) treatment of non-commodity sales and commodities produced should be improved.

45. The Seminar noted that owing to the problems of data availability concerning business-consumption components of the ICP, no estimate of business-consumption elements of the TCP had yet been included in ICP. It also noted that there were problems in separating capital consumption from other government expenditures on commodities. The Seminar was also informed that the revision of the System of National Accounts (SNA) which the United Nations Statistical Office intended to carry out would consider improvements towards the mutual consistency between inter-temporal and inter-spatial comparisons. That would most probably be attempted through an expert group meeting.

C. Estimation of per capita GNP in United States dollars

46. The Seminar discussed the use by countries of national accounts and related data in preparing ICP expenditures, based on the paper entitled "Estimation of per capita GNP in US dollars: World Bank practice" (STAT/SICPPS/14) presented by a representative of the World Bank.

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47. The paper recounted some of the problems that the World Bank had found during its recent survey on national accounts data of developing countries. The problems concerned mainly the estimation of private consumption expenditures as a residual item by many countries, and the weakness of constant price estimates of GDP expenditure categories owing to deficiencies of data on prices. Those problems could have adverse implications for the ICP for the countries concerned.

48. The Seminar was informed that the World Bank would consider eventually using purchasing power parities (PPPs) rather than the official exchange rates for conversion of GNP into United States dollars if the results of PPPs became available quickly and for most of the countries, and certain other conditions were met. Since PPP data depended on the availability of detailed national accounts statistics, concerted efforts were required from the producers of both national accounts statistics and price statistics. That was especially important if up-to-date PPP data were to be compiled and made available. Some time-lag in obtaining PPP data was none the less unavoidable. The World Bank was investigating the reduced information method as a way of reducing those lags. In those countries where private consumption expenditure estimates were compiled through the commodity-flow method, the problem associated with the estimation of private consumption expenditure as residuals would not arise.

49. The Seminar was also informed that the immediate priority of ADB was the development of statistical systems in its member countries, especially in the South Pacific, which lacked even basic statistics. Through such emphasis, ADB hoped to assist those countries in developing their national accounts estimates and other aggregates.

V. PROBLEMS IN MAKING PRICE COMPARISONS

A. Item selection and procedures

50. The Seminar considered the document "Product selection and specification procedures" (STAT/SICPPS/4) prepared by SOEC. The construction of a world list of ICP specifications was described in the paper which outlined the difficulties in achieving absolute equivalence of specification between regional variations (necessary to promote world-level comparisons). An appendix to the paper presented a preliminary consolidation and matching of the 1980 specification sets of the United Nations Statistical Office, SOEC-ECE and SOEC-Africa. That appendix indicated the subset of the United Nations Statistical Office specification set priced in Phase IV by the Asian countries. The paper also proposed that countries of the region should, using

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the data in appendix I to the paper, consider the relevance of the items listed to their consumption patterns and submit to the regional co-ordinator a national specification set comprising nationally relevant items from the old world list plus items of importance not included in the previous item sets. Such national submissions (covering investment items also) would form the basis of construction of a regional product list. The choice of the basis for regional comparison, that is, between binary or multilateral procedures, was also reviewed in the paper, which further suggested that it would not be practical to adopt a binary design prior to data collection within the Asian and Pacific region. Finally, the paper discussed particular problems associated with selection of goods for which quality matching was difficult.

51. In the discussions that followed, the Seminar acknowledged that the construction of a regional specification set represented a task of substantial scale, involving both national staff and the effort of the co-ordinating agency.

52. In considering the balance and detail of the specifications, the Seminar was of the opinion that a balance of items to be priced in any country might be achieved between items typical of the country and those of its partners and, especially for core countries, between items representative of the ESCAP region and those relevant to other partner regions. With regard to specification development, the burden might be minimized by adopting a less exacting definition basis reflecting "unit values" rather than item prices. The Seminar felt, however, that deviation from comparisons based upon close quality matching of goods might introduce undesirable and unquantifiable biases. It also suggested that items included in the product baskets of national temporal price index systems would form an invaluable basis for the national selection of product specification proposals.

53. A paper entitled "Data collection procedures" (STAT/SICPPS/13), prepared by SOEC, covered the practical problems of data collection in three main areas. First, it was considered desirable to develop and utilize standard field staff documentation and data reporting formats throughout the region. It was also desirable that liaison be developed at the international level between key national project personnel and regional co-ordination staff. Second, there was a description of potential price survey design techniques, using data on geographical price dispersion within countries. Centralized price averaging was favoured in the paper since that could lead to internationally consistent survey design indicators for future price survey activities. Finally, the practical and logistical options for the structure and management of price and other surveys were explained.

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54. The Seminar observed that to meet the ICP requirements for price data, other than in exceptional cases, subsidiary survey activity in addition to routine study programmes would be required. That supplementary activity would probably be required for a considerable number of items to be priced in the ICP data submission of each member country of ESCAP. The reasons for that additional and potentially extensive activity arose from the need to price item specifications which had no equivalent in the national price statistics systems of countries of the ESCAP region. There was also the need to expand price collections geographically for ICP items where only capital city or restricted area price data were regularly available. Further problems resulted from the variability in the item specifications adopted for different regional price collections undertaken routinely to measure inter-temporal changes in prices at the national level.

B. Estimation of national average prices

55. Under that item, the Seminar considered the paper entitled "National average price and regional price differences in Japan" (STAT/SICPPS/8 and STAT/SICPPS/10) presented by two experts from Japan.

56. The paper discussed certain practical problems concerning the calculation of national average prices in ICP. It provided an analysis of the regional price differences in Japan using the National Survey of Prices of 1977, highlighting the price differences between major cities, towns and villages as well as the dispersion of prices among stores.

57. The Seminar was informed that in many commodities, there were larger price differences among various types of stores within the same city than between towns. It was suggested that that was an important matter and should be given due consideration in countries attempting price surveys for ICP.

C. National average prices

58. The Seminar had before it the document entitled "Consistency of the expenditure and price data" (STAT/SICPPS/5) prepared by SOEC. The document stressed the need for consistency of the valuation basis adopted in the construction of national accounting aggregates reported in the expenditure breakdown with the basis of pricing adopted. Even where some ICP specifications might match those used by national price collections for consumer price indices, supplementary price surveys would be required (a) to collect data for items for which no routine data existed, (b) to permit

national average prices to be computed for items for which data of only limited geographical coverage were available, and (c) to permit unified specifications to be adopted nationally, especially where specification uniformity in all routine pricing regions was not assured. The paper also outlined the strategic options regarding construction of the national annual average prices by each country separately, or centrally by the co-ordinating agency. It further described a schematic averaging scheme based upon geographical stratification.

59. In the discussions that followed, the Seminar noted support from two participating agencies for the reporting by countries of all observed price data, that is, individual item price observations. Those agencies considered that the availability of such a data set for all countries could assist the process of data scrutiny and validation, and, where pricing agents' comments also were transmitted, could aid the assessment of the extent to which items priced matched the target specifications. The Seminar was informed that in the case of the Phase IV African study, such a procedure had resulted in the definition of new item specifications relevant to several participating countries, based upon the detailed information made available on product packaging standards and sizes. However, some other participants did not think that would be possible or desirable to supply the raw data to a centralized agency.

D. Regression method

60. The Seminar considered the document entitled "Use of regression method in international price comparison" (STAT/SICPPS/9), prepared by an expert from Japan. The paper explained the use of the regression method in ICP in adjusting quality difference in the price comparison of "rents" and "automobiles". The method employed regression analysis in which an equation expressed the price of a product as a function of its characteristics. Its advantages as a technique for quality adjustment were both a more objective and systematic choice of characteristics of products to be used in the adjustment, and higher reliability of the national average prices produced from the adjustment. After briefly reviewing the application of the method in Phase II of ICP, an evaluation was made as to how well the advantages were actually achieved. From the viewpoint of sampling errors, it was found that the regression method was not always superior to the ordinary methods as a means of estimating the average prices. From the viewpoint of non-sampling

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errors, while the advantages of the method were nearly fully achieved in the case of "automobiles", in the case of "rents" they were not satisfactory. The reason for that difference was considered to be that the specifications of automobiles were far less diverse than those of housing units because the former were mass-produced goods. In view of those factors, the continued use of the regression method for "automobiles" was suggested but in "rents" some modifications of its application, for example, by making the standard specifications more precise, were suggested.

61. The paper also mentioned some problems in applying the method to rent comparison. For a country which had a relatively large rented housing component, the regression method quite often proved useful. Where the rented housing component was not large, the method was less useful because the sample data for that method were usually not extensive enough and rent was quite often not determined by the physical characteristics alone of the housing units. For traditional types of housing units, relatively broad specifications and the use of simple averages were suggested.

62. Although the importance of that method was recognized, the Seminar pointed out some difficulties in rent comparisons. Rents in some countries might include charges such as water or electricity, or the officially reported rent might not cover all the payments made by the tenant. It was therefore felt necessary to use a more uniform definition of rent among countries before making international comparison. The treatment of characteristics which were not incorporated in the specifications for the regression equations was also discussed. Convenience of location could also be a variable affecting rent. The Seminar was informed that only the characteristics of the housing units themselves were taken into account in matching the qualities.

VI. METHODOLOGICAL ISSUES IN ICP

63. For the consideration of that item, the Seminar had before it the documents "An expository review of the theory and method in ICP" (STAT/SICPPS/11) prepared by an expert from Japan, and "A note on international price comparisons for certain commodity groups" (STAT/SICPPS/1 (Revised)) prepared by staff members of SIAP.

64. The first paper was a methodological review of ICP based on the reports of its first three phases. It explained the Geary-Khamis method and the country-product-dummy method, which were central to multilateral comparison in ICP, and rent comparisons and the extrapolation to non-ICP countries through

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regression techniques. The method of international comparison of total factor productivity, which could be considered as a possible extension of the ICP framework from the expenditure side of GDP to the factor income side, was described.

65. The second paper analysed the relative price levels of certain commodity groups within a country using the Geary-Khamis method. Some agricultural commodity groups in ASEAN countries were selected for illustration. The analyses indicated the possibilities for numerically specifying values of "internal terms of trade" among groups of commodities in that example, among selected agriculture commodities.

66. The Seminar took note of those exercises and suggested further research in the above fields, especially those factors which might determine the value of internal terms of trade. That could be of value in formulating price policies for certain commodities, either to augment productivity or to protect the activities required in producing that group of commodities.

VII. REDUCED INFORMATION METHOD

67. A representative of the World Bank presented a document entitled "International real income comparisons with reduced information - summary results of World Bank research project" (STAT/SICPPS/CRP.8) to the Seminar. The World Bank had conducted a research project on a reduced information method of obtaining the main results of ICP. The aim of the reduced information exercise was to extend ICP-type comparisons to countries which would not be participating in bench-mark studies and to make annual extrapolations. The method sought to produce ICP-type estimates using less than the full set of data required by the ICP bench-mark surveys and was subject to the same comments and criticisms as the ICP methods. It was not meant to replace the bench-mark surveys, but was offered as a means of making ICP-type comparisons in cases where the bench-mark studies were not done.

68. The main burden of research in methodology was to identify the smallest set of items which would produce ICP-type results with a minimum of errors. After experimenting with ICP Phase III data, 126 items grouped into 31 categories were chosen by regression techniques which selected for each category the smallest subset of items that best explained the category PPP (purchasing power parity).

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69. The reduced information method called for collecting prices for the selected items, estimating the respective category PPPs using the regression equations and the selected item prices together with category expenditure weights, and solving the Geary-Khamis system of simultaneous equations.

70. The reduced information results for seven African countries were remarkably close to the bench-mark results, although there were many incomparabilities between Phase III from which the regression sample was drawn, and Phase IV with which the results were compared.

71. A further evaluation of the results would be made after the Phase IV results for the rest of the seven countries became available. A second round of research, with a sample of a dozen or so countries drawn from the ESCAP region and Africa, was a distinct possibility.

VIII. CONCLUSIONS AND FUTURE ACTION

72. The secretariat paper entitled "Possible regional activities in the future" (STAT/SICPPS/CRP.1) was considered by the Seminar. The region had made significant advances with regard to the collection of various types of price statistics and compilation of related price indices, and the Seminar was pleased to note that participation of ESCAP countries in ICP had steadily increased since Phase I. The countries that participated in ICP encountered difficulties originating principally from inadequate resources for the extra work involved and the limited relevance of many ICP specifications of items to be priced from the goods and services existing in the countries of the ESCAP region.

73. Moreover, ESCAP itself hitherto had only a marginal role in ICP, in accordance with its work priorities agreed upon and mandated by the member countries of the region at various intergovernmental meetings. In view of the renewed interest in ICP work evinced by a rising number of countries of the region, ESCAP needed a clearer indication of the role the member countries might wish it to play in the future. The Seminar suggested that ESCAP should henceforth play a more active role in ICP in the region but not at the expense of any of its existing responsibilities and priorities. Efforts should therefore be made to augment appropriately the capacity and resources available to the secretariat. The Seminar noted that participation in ICP would enhance international comparability of statistics among countries of the region.

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74. The Seminar recognized from the experiences of member countries of ESCAP in ICP work so far that in most cases the countries would have to organize themselves to undertake the additional workload of collecting detailed price data for a large number of new commodities according to precise specifications. Although the participating countries could use existing price data for ICP with a view to reducing the workload, most developing countries of the region were in need of substantial assistance to carry out that work in the time available and to the standard required. In order to augment the domestic resources available to the statistical offices of participating countries for ICP purposes, their governmental authorities would need full understanding of the benefits of ICP. The Seminar considered it advisable, therefore, to request the United Nations Statistical Office to mount a publicity campaign explaining the benefits of ICP. Nonetheless, some developing countries would still require financial assistance from external sources although they appeared to possess adequate expertise. Those approaches would help ICP gain real momentum in the ESCAP region. Such publicity could also help in dispelling the notion held by many developing countries of the region that ICP results were more for the benefit of the developed countries.

75. The Seminar also recognized the need for training personnel engaged in ICP work in many developing countries of the region. It considered it appropriate for the Statistical Institute for Asia and the Pacific (SIAP) to include courses on ICP and its related subjects in its advanced course programme which was designed to train trainers, an approach that could have considerable spin-off effects. SIAP facilities might also be utilized to organize to the extent possible specific country courses for a few interested countries. The Government of Japan offered active participation in such a training programme through providing host facilities and the services of experts. The courses would be included in the SIAP programme once its Advisory Council had endorsed them.

76. During 1985, the existing commodity-listing and specifications used for ICP would be made more relevant to the member countries of ESCAP. To achieve that, it was planned that the commodity-listing and specifications would have to be modified appropriately and adapted into a regional list, possibly even subregional lists, where the relevance of specifications were known to vary among the different subregions of ESCAP. Subregional listings might be evolved separately for the South Asian, the ASEAN, the East Asian and the

Pacific members of ESCAP. It was suggested that that task be done through workshops for those subregional groups of countries with the core countries playing an active role, under the aegis of ESCAP, with technical and possibly financial support from developed countries, intergovernmental agencies and international organizations interested in promoting ICP in the region. The Seminar endorsed the idea, though concern was expressed that it might result in some delay in the start of Phase V operations in 1985. It was also considered essential to begin immediately the exchange of information on the list of suggested ICP specifications, as well as those of existing consumer price indexes, among participating countries before the workshops were held in order to facilitate the finalization of the ICP regional specifications and core country lists.

77. The Seminar observed that ICP operations should not be viewed or organized as independent or isolated data collection exercises; instead they should be merged with the national data collection activities of participating countries. ICP activities should be integrated with national accounts compilation work in general. That would lead to better consistency between expenditure data and price data, and economies in the use of resources and avoid duplication of work. Those ideas were endorsed by the Seminar.

78. The Seminar noted that India, Japan, Pakistan and the Philippines were to be the core countries in the ESCAP region for the Phase V operations of ICP. They would be responsible for pricing a larger number of items than in the past for the purpose of linking with the member countries of the region in order to enable linking with the world list and facilitate co-ordination of regional specifications under the guidance of the United Nations Statistical Office and ESCAP. The full participation of the Philippines as a core country in the ESCAP region was conditional on its obtaining external resources. Both India and Pakistan viewed ICP as an international research project, and their participation was on that understanding. Although India did not require external assistance for undertaking ICP it was also not in a position to offer financial support to other countries.

79. The Seminar gratefully noted the offer of the Government of Japan to send expert missions to countries needing assistance so that core country exercises could be implemented on time. The Seminar regarded those expert missions as an invaluable contribution to ensure the success of Phase V of ICP in the ESCAP region.

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80. The Seminar took note of the difficulty some countries might have in providing some of its ICP or other data to other national statistical offices on a bilateral basis. The existence of confidentiality stipulations and national practices of supplying unpublished statistical data only to the United Nations and its agencies dictated that position.

81. The Seminar noted that the following activities would be undertaken for Phase V of ICP:

(a) The United Nations Statistical Office would send to the core countries tentative world lists of price specifications and expenditure classifications as scheduled;

(b) ESCAP would send those lists to other participating countries;

(c) Each participating country should send to ESCAP detailed information on the item specifications which it used for its own CPI and other special surveys along with comments on the country relevance of each item appearing on the world list, keeping in mind the feasibility of data collection;

(d) ESCAP, in collaboration with core countries, should attempt to finalize the specific lists of items and classifications of expenditure categories for regional use by mid-1985;

(e) The specific list of items and the classification of expenditure categories would be used by countries in order to provide the required basic ICP data.

82. The Seminar noted with interest the efforts being made by the World Bank to evolve a reduced information method for obtaining timely and usable results of PPP. It was of the view that such research should continue.

83. The Seminar was assured of the continued technical guidance and the co-ordinating role of the United Nations Statistical Office. The World Bank and ADB had occasionally provided technical assistance for the development of the statistical systems of member countries. The World Bank had also supported ICP up to Phase III as a research project. Thus, so long as the work of ICP could be related to statistical development in a member country, the World Bank and ADB could consider providing technical assistance.

IX. CONSIDERATION AND ADOPTION OF THE REPORT

84. The Seminar adopted its report on 22 October 1984.

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Annex

LIST OF DOCUMENTS

Document No.	Title
STAT/SICPPS/L.1	Provisional agenda
STAT/SICPPS/L.2	Annotated provisional agenda
STAT/SICPPS/1	A note on international price comparisons for certain commodity groups
STAT/SICPPS/2	General outline of the International Comparison Project
STAT/SICPPS/3	The expenditure classification and related data requirements
STAT/SICPPS/3/Add.1	The expenditure classification and related data requirements: Appendix
STAT/SICPPS/4	Product selection and specification procedures
STAT/SICPPS/5	Consistency of the expenditure and price data
STAT/SICPPS/6	The operation of public final consumption expenditure and gross capital formation in ICP
STAT/SICPPS/7	Some problems on the treatment of government services in the United Nations International Comparison Project (ICP)
STAT/SICPPS/8 and 10	National average price and regional price differences in Japan
STAT/SICPPS/9	Use of regression method in international price comparison
STAT/SICPPS/11	An expository review of the theory and method in ICP
STAT/SICPPS/12	Report on Phase IV of the International Comparison Project (ICP)
STAT/SICPPS/13	Data collection procedures
STAT/SICPPS/14	Estimation of per capita GNP in US dollars: World Bank practice

Conference room papers

Document No.	Title
STAT/SICPPS/CRP.1	Possible regional activities in the future
STAT/SICPPS/CRP.2	Philippines (Ester F. Abitona)
STAT/SICPPS/CRP.3	Singapore
STAT/SICPPS/CRP.4	Hong Kong
STAT/SICPPS/CRP.5	Thailand
STAT/SICPPS/CRP.6	Philippines (Generoso G. de Guzman)
STAT/SICPPS/CRP.7	Japan
STAT/SICPPS/CRP.8	International real income comparisons with reduced information - Summary results of World Bank research project
STAT/SICPPS/CRP.9	Report to the Interorganizational Group on the International Comparison Project
STAT/SICPPS/CRP.10	Islamic Republic of Iran
STAT/SICPPS/CRP.11	Republic of Korea
STAT/SICPPS/CRP.12	Indonesia
STAT/SICPPS/CRP.13	Pakistan
STAT/SICPPS/CRP.14	Sri Lanka
STAT/SICPPS/CRP.15	India
STAT/SICPPS/CRP.16	Malaysia
STAT/SICPPS/CRP.17	Bangladesh

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UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL

GENERAL

E/ESCAP/STAT.6/12
18 October 1985

ORIGINAL: ENGLISH

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

Committee on Statistics

Sixth session
19-25 November 1985
Bangkok

DEVELOPMENT OF ECONOMIC STATISTICS

(Item 6 of the provisional agenda)

REPORT OF THE SIAP/ESCAP EXPERT GROUP MEETING ON DEVELOPING STATISTICS OF HOUSEHOLD ECONOMIC ACTIVITIES

Note by the secretariat

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I. ORGANIZATION OF THE MEETING

1. The SIAP/ESCAP Expert Group Meeting on Developing Statistics of Household Economic Activities, organized jointly by the Statistical Institute for Asia and the Pacific (SIAP) and the secretariat of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), was held at Bangkok from 23 to 27 September 1985. Financial support was provided by the United Nations Development Programme (UNDP) through its programme support to SIAP.

Attendance

2. The following experts attended the Meeting:

Mr. Siddiquer Rahman, Director, Research, Training and Sample Survey Wing, Bangladesh Bureau of Statistics, Dhaka

Mr. M. Padmanabhan, Joint Director, Field Operations Division, National Sample Survey Organisation, Department of Statistics, Ministry of Planning, New Delhi

Mr. Toto E. Sastrasuanda, Chief, Village Household and Environment Division, Central Bureau of Statistics, Jakarta

Mr. Hifumi Mitsuya, Director for Statistical Co-ordination, Statistical Standards Department, Statistics Bureau, Management and Co-ordination Agency, Tokyo

Mr. Lee Mun Swee, Senior Statistician, Head of Prices and Income Division, Department of Statistics, Kuala Lumpur

Mr. K.B. Karmacharya, Section Officer, Central Bureau of Statistics, National Planning Commission Secretariat, Kathmandu

Mr. Akhtar Muhammad Shah Khan, Director, Federal Bureau of Statistics, Statistics Division, Karachi

Mr. Reg Gilbert, Assistant National Statistician (Population and Social Statistics), National Statistical Office, Port Moresby

Mr. Elpidio D. Makanas, Acting Director, Statistical Co-ordination Office, National Economic and Development Authority, Manila

Miss Min-Kyung Kim, Director, Statistical Analysis Division, National Bureau of Statistics, Economic Planning Board, Seoul

Mr. A.G.W. Nanayakkara, Deputy Director of Census and Statistics, Department of Census and Statistics, Colombo

Mrs. Phensri Suwansingha, Deputy Secretary General, National Statistical Office, Bangkok

/Mr. Piyasvasti

Mr. Piyasvasti Amranand, Chief, Planning Techniques Section, National Economic and Social Development Board, Bangkok

Representatives of the United Nations Statistical Office, the Statistical Institute for Asia and the Pacific (SIAP), the International Labour Organisation (ILO) and the Food and Agriculture Organization of the United Nations (FAO) also participated.

Opening of the meeting

3. In his opening message, the Executive Secretary of ESCAP welcomed the experts and resource persons to the Meeting and thanked UNDP for its financial support. He noted that although SIAP and the ESCAP Statistics Division had often contributed to each other's activities, it was the first time that they had jointly organized an Expert Group Meeting. He welcomed that development and looked forward to further collaboration between the two offices.

4. The Executive Secretary noted that a large number of people in the region's developing economies were engaged in economic activities at the household level and data on them were necessary for both improved estimation of national accounts and specific planning purposes. He suggested that in view of the lack of international recommendations and guide-lines on collecting such data, it was important that some common regional approach be agreed upon so as to ensure the comparability of such statistics. The Executive Secretary expressed confidence that, despite the difficulties involved, the Expert Group would be able to make significant progress towards the quantification of household economic activities.

Election of officers

5. The Meeting elected Mr. Elpidio D. Makanas (Philippines) as Chairman and Mr. Siddiquer Rahman (Bangladesh) as Vice-Chairman. Mr. Reg Gilbert (Papua New Guinea) was elected as Rapporteur.

Adoption of the agenda

6. The Meeting adopted the following agenda:

1. Opening of the Meeting.
2. Election of officers.
3. Adoption of the agenda.

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4. Specific requirements of data relating to household economic activities for national accounts and planning.

5. Household economic activities: definition, scope, concepts, survey methods, data analysis and evaluation.

6. Integration of data collected through different sources.

7. Other matters, including recommendations for further work.

8. Adoption of the report.

Documentation

7. The documentation prepared for the Meeting is listed in the annex to the report.

II. COUNTRY PRACTICES IN DEVELOPING STATISTICS OF HOUSEHOLD ECONOMIC ACTIVITIES

8. In introducing papers STAT/SHEA/CRP.1 and STAT/SHEA/CRP.3-13, the experts discussed the data requirements in the field of household economic activities for compilation of national accounts and for purposes of planning; the sources, availability and limitations of such data; the methodology followed; and the problems faced in the collection and use of that information.

9. Among the types of censuses and surveys which yielded some information relating to household economic activities, mention was made of censuses of population and of agriculture; manufacturing, industrial and economic censuses; surveys of household income and/or expenditure; surveys of labour force, livestock products and enterprises, unincorporated enterprises, small-scale and household manufacturing industries, trading enterprises and so on. The surveys themselves could be broadly classified into household and establishment surveys, and it was reported that data from those two types of surveys sometimes overlapped. It was also reported that in some countries compilation of national accounts was based mainly on data collected through establishment surveys.

10. The Expert Group recognized that data on household economic activities available in most developing countries for national accounts and planning purposes suffered from many deficiencies. There were problems of duplication, coverage deficiencies, delays in the

dissemination of statistics and lack of co-ordination between data producers and users, as well as resource constraints. Other difficulties cited by experts included the absence of a sampling frame, choice of reference period, seasonal nature of economic activities, and recall problems. It was also mentioned that in some of the existing surveys, economic activities carried out by women and children in particular were not fully reflected.

11. The Expert Group noted that some countries were already conducting periodic economic censuses, while others were in the process of initiating them. Those censuses would yield frames for conducting follow-up sample surveys for collection of data on household economic activities in greater detail. In India, such follow-up surveys had already commenced and data were being collected on inputs, outputs, labour, employment and emoluments, fixed assets, working capital, etc. In Sri Lanka, a comprehensive survey of household economic activities had recently been completed and the data were being processed. The methodology and data content of those surveys were described to the Expert Group. In the Philippines, apart from extensive censuses and surveys of all recognizable establishments, the 1975 Integrated Census of Population and its Economic Activities was conducted on a sample basis covering households located at the lowest administrative unit of government (barangay level). The results of that comprehensive undertaking, which covered 550,000 households, had been published and would be made available to the secretariat and requesting countries.

III. SPECIFIC REQUIREMENTS OF DATA RELATING TO HOUSEHOLD ECONOMIC ACTIVITIES FOR NATIONAL ACCOUNTS AND PLANNING

12. There were two papers the topic for discussion: STAT/SHEA/2, by the secretariat, and STAT/SHEA/3 prepared by a representative of SIAP. Document STAT/SHEA/2 drew on the United Nations System of National Accounts (SNA) concept of activity, and accordingly the term "household economic activity" was taken to mean production of goods and services by the household, or in other words, the enterprise activity of the household. On the other hand, STAT/SHEA/3 defined economic activities to include production, consumption, and accumulation. The Meeting took note of the two views. The subsequent discussions concentrated on statistics

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related to the production of goods and services, to which most of the documentation referred. The Expert Group nevertheless envisaged a number of uses for household economic statistics in a broader sense, and suggested that further attention should be paid to that issue. For instance, in order to prepare full accounts of the household economy, data on current transfers and household consumption expenditure would also be required. Such data were usually collected through household expenditure surveys. Some experts expressed the view that it would be advisable to adopt an integrated approach and to collect all economic statistics relating to households together.

13. The Expert Group noted that household economic activities were usually quite unorganized, scattered and often seasonal in character. As such, the data on them required for national accounts and planning purposes could only be collected directly from households through appropriate sample surveys. The Meeting noted that although household entrepreneurial activity accounted for a significant share of gross domestic product (GDP) in most developing countries of the ESCAP region - for example, about 40 per cent in India and 50 per cent in Tonga - the availability of useful and reliable data was generally very limited.

14. The Expert Group noted that the requirements of data relating to household enterprise activities for national accounts and planning were broadly the same as those relating to non-household economic activities. However, in view of the difficulties of obtaining data with accuracy, it might be necessary in practice to restrict collection to important items, grouping certain details. Both documents STAT/SHEA/2 and STAT/SHEA/3 listed specific items of data relating to household economic activities to be collected and compiled, based on the orientation of each paper. The items of data listed in STAT/SHEA/2 related in general to those required for estimating gross output, input, value added and its components, investment and sources of finance. The requirements for each major kind of economic activity were shown separately. Document STAT/SHEA/3 outlined the specific data required in the areas of income, expenditures and accumulation, which were relevant to households classified according to various socio-economic characteristics.

15. The Expert Group noted that for statistics at the macro level, economic statistics of the household could be used in improving the

coverage of own-account production. Such data were also useful for the direct estimation of private consumption expenditure and private saving, which many countries were currently deriving as residuals in the production and consumption accounts. A further use lay in the estimation of the distributional aspects of national income.

16. The view was expressed that in some countries the national income statisticians needed guidance on the actual incorporation of statistics of household economic activities into the national accounts framework. The procedure would be to allocate the production of households to the appropriate industry groups.

17. A number of experts described country experiences in comparing private consumption expenditure derived primarily from the results of surveys of household expenditures with those derived as residuals or through commodity-flow methods. A study in India showed a tendency for the results from the commodity-flow approach to be higher than those from household surveys in the aggregate; however, in the case of food items the tendency was the converse. In the Republic of Korea, incomplete coverage of households, household members and certain expenditures gave rise to some statistical discrepancy between the household survey and commodity-flow methods. In Indonesia, however, direct estimates of private consumption expenditure were made in 1983 on the basis of an expenditure survey of households. Some experts stated that they preferred to use the commodity-flow method for compiling estimates of private consumption expenditure rather than data collected through household budget surveys, owing to the difficulties of gathering reliable data on, in particular, consumption outside the home and consumption by institutional populations.

18. In the institutional classification followed in SNA, the Expert Group noted that large unincorporated enterprises with separate accounts were considered as quasi-corporate, leaving the small and less important establishments to be covered in the household sector. For national accounts purposes, data on output, value added and so on were required for those smaller establishments as well as for the household enterprises as such. The data for both categories would have to be collected through household surveys, separately if possible.

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19. The Expert Group discussed the extent of non-marketed production to be covered through surveys of household economic activities, and considered the boundary of production as given in SNA appropriate for the purpose. It was agreed that the valuation of households' own consumption should be at producers' prices rather than purchasers' prices, since the former represented a measure of the income forgone, or the cost incurred, in consuming the commodities. Country practices in that respect were described by some experts. As the rural market or ex-farm prices of agricultural commodities were usually significantly lower than the corresponding urban market prices, the value measures of farmers' consumption would tend to be lower than those of urban consumers, though the farmers might actually be consuming more in quantitative terms. That could contribute to farmers usually being at the lower end of the income scale. Studies relating to their welfare could thus be affected.

20. It was noted that valuation of non-marketed production at producers' prices would result in some overestimation, since such prices included certain indirect taxes. However, it appeared to be the only feasible valuation practice.

21. The Expert Group noted that at the micro level, economic statistics of the household could be used alone or in conjunction with other related statistics, for identifying target groups in the society, describing their economic conditions at a point in time and how those might change. The target groups could refer to income class, source of income, consumption pattern and geographic location. The data could be utilized for assessing or projecting growth rates of household production, income, consumption and accumulation, sectoral shifts of population from subsistence to market production, and commodity shifts in consumption, say, from basic needs to education or leisure. Various price and quantum indices - measures essential in the assessment of welfare levels of the affected target groups - could also be derived, it necessary in conjunction with data on employment, education, housing and health care.

22. The Expert Group agreed that the collection of household statistics was costly, becoming more so as further details were sought. In many countries, the setting of priorities for survey objectives and consequently the data sought might be necessary in order to match the scale of the survey with available resources.

/IV.

IV. HOUSEHOLD ECONOMIC ACTIVITIES: DEFINITION, SCOPE, CONCEPTS, SURVEY METHODS, DATA ANALYSIS AND EVALUATION

23. The Expert Group considered two papers, STAT/SHEA/4, prepared by a representative from SIAP, and STAT/SHEA/5, by a resource person from the United Nations Statistical Office.

24. Document STAT/SHEA/4 was basically concerned with the methodological aspects of conducting household surveys: type and frequency of surveys, design of the schedule of enquiry, sampling design, pilot surveys, various control and monitoring procedures, and methods for the dissemination of information.

25. In discussing the paper, experts raised the following main points: (a) the difficulties in adopting a self-weighted design in certain situations; (b) the relative advantages and disadvantages of splitting a long schedule of enquiry; (c) the umbrella role of the United Nations National Household Survey Capability Programme (NHSCP); (d) the likely errors in transferring information from a questionnaire to a data sheet; (e) the practical difficulties in financially compensating an informant for his time; (f) whether to ignore, impute or substitute when data were missing; (g) the advantages and disadvantages of using a master sample; (h) the need and the methods for publicity campaigns to educate and motivate the households; and (i) the need for legislation.

26. Document STAT/SHEA/5, entitled "Surveys of household economic activities: scope, concepts and methods" discussed the basic approach, methodological issues and technical problems involved in determining the scope, design, content, concepts and methodology for surveys of household economic activities in the context of the situation, conditions and needs of the developing countries.

27. The Expert Group noted that the NHSCP included in its subject coverage surveys of household enterprises, both agricultural and non-agricultural, and indicated the range of data that could be collected through such surveys. The Meeting was informed that a survey on those lines, called a survey of household economic activities, had just been completed in Sri Lanka under the Programme, and a similar survey had been proposed for Fiji. The schedules adopted in Sri Lanka were circulated to the Expert Group along with a detailed paper entitled "Methodological aspects of the survey of household economic activities, Sri Lanka" (STAT/SHEA/CRP.12).

28. The Expert Group recognized that, for statistical purposes, it would be most convenient to divide the national economy into two mutually exclusive operational sectors: (a) the establishment sector, comprising all economic activities carried out by individual employers, enterprises and institutions with the assistance of one or more regular employees, and (b) the household sector, comprising all economic activities carried out by households or individual members of households on their own, with the possible assistance of unpaid family workers but without any regular employees. The former should appropriately be covered through establishment surveys and the latter through household surveys.

29. It was, however, suggested that, optionally, small farms operated by households or members of households, with or without the assistance of paid employees, might well be covered conveniently through household surveys. In that case an appropriate definition of "small farm" would have to be devised in the light of the structure of agricultural holdings in each country.

30. The Expert Group agreed that the main objective of a survey of household economic activities would be the estimation of output and income generated in the household sector of the economy. The survey should also provide useful information on the nature of activities undertaken in the household sector, the input-output structure of those activities, and associated economic problems. It would thus supplement the data available from economic censuses and surveys conducted by the establishment approach.

31. The Expert Group recommended that for purposes of the survey, the household should be treated as a single economic unit, just as the establishment was treated as the basic economic unit for establishment censuses and surveys. The survey should aim at studying all economic activities of the household as an integrated whole.

32. The difficulties in collecting quantitative data on inputs, outputs and so on from households in respect of a long reference period such as a year were recognized. The Expert Group suggested that, wherever appropriate, the requisite data should be collected in respect of a short reference period, such as the last month, and the survey staggered uniformly over a year in order to capture and smooth out seasonal variations in economic activity. It suggested further that in cases where a long reference period was considered essential, as in the case of agriculture, arrangements should be made to collect the requisite information through a series of repeat visits at appropriate intervals.

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33. The Expert Group recommended that data be collected, wherever possible, on the participation of and time spent by household members (classified as men, women and children) in various economic activities, on hired labour employed and labour costs, fixed assets used for economic activities, loans taken for economic activity, material and non-material inputs, outputs, and their disposal. The Meeting further recommended that outputs be recorded by nature and kind of output, and inputs be classified in a manner that would facilitate input-output compilations.

34. It was suggested that households be classified by their primary and secondary activities, determined if possible on the basis of value added, or otherwise on the basis of gross value of output or on labour input, as might be considered appropriate.

35. The Expert Group emphasized the need for developing appropriate sampling designs for surveys of household economic activities to take account of the uneven geographical distribution of households engaged in economic activities. Sampling designs had also to ensure adequate representation of non-agricultural households, which constituted a minority in rural areas. It was also desirable to minimize the estimational problems arising from non-self-weighting designs that might be necessary to ensure adequate samples of households engaged in various kinds of economic activity. The Expert Group noted the inherent advantages of adopting a self-weighting sampling design where possible, even if only within strata. The Meeting also noted the merits of dividing the sample into sub-samples where appropriate.

36. The Expert Group considered the problems involved in covering all kinds of household economic activity through comprehensive surveys of the type proposed. It suggested that if a survey covering all household economic activities was considered too ambitious, it might be confined to non-agricultural activities, or even restricted to activities such as manufacturing, repairs and retail trade, in which there might be greater interest. However, the Group stressed the advantage in covering all household economic activities together in an integrated manner through an integrated household survey.

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37. The Meeting also considered the possibility of multi-purpose household surveys covering several topics. That could be done by splitting the schedule into several different segments, and applying overlapping components to different samples of the population. That would reduce the respondent burden and processing workload but still allow the integration of data.

38. The Expert Group emphasized the need for ensuring quality of the data collected through household surveys, if they were to be useful for planning, economic analysis and compilation of national accounts. It suggested, in particular, that the methodology proposed be pilot-tested before adoption in large-scale surveys. Control procedures also helped to improve the quality and usefulness of survey data, in particular their timeliness.

39. The Expert Group also suggested the desirability of making further use of data on household economic activities available from other sources, such as population censuses, labour force surveys and household income surveys.

40. The Expert Group noted that industrial censuses and inquiries based on the establishment approach usually sought to cover all recognizable establishments, either on a census or sample basis, but in the process possibly left out unrecognizable establishments, even if they employed one or more hired workers. The Group was concerned that by demarcating the establishment and household sectors in terms of the employment of one or more hired workers on a regular basis, small unrecognizable establishments might be omitted from both establishment and household surveys. It was noted in that connection that the United Nations Statistical Office was currently working on the development of appropriate guide-lines for the coverage of such small-scale industries. The Group noted that, ideally, industrial statisticians should ensure complete coverage of industrial establishments through effective arrangements for updating industrial directories and registers from time to time. Where industrial directories and registers maintained for statistical purposes did not cover all establishments with one or more hired workers, such units might be covered through an area sample.

/V.

V. INTEGRATION OF DATA COLLECTED THROUGH DIFFERENT SOURCES

41. The Expert Group had for consideration under that item document STAT/SHEA/1, prepared by a consultant, which discussed the meaning of integration in the context of statistics on household economic activities from different sources, the characteristics of those sources, the likely problems posed in integrating them, and the approach which might be pursued.

42. The Group recognized that integration of data on household economic activities from different sources could be beneficial to all concerned - producers and users of statistics and the respondents themselves. It enabled aggregation of data to derive meaningful totals and provided comprehensive bench-mark data which could serve as a basis for the collection of related, timely and detailed estimates on the level, trends, and distribution of household economic activities. In addition to providing the proper links for relating statistics based on different statistical units, integration provided consistent data for the compilation of national accounts. Moreover, integration resulted in less respondent burden and more efficient statistical collection.

43. Attention was focused on the various approaches to the integration of statistics. Those could be usefully pursued in the integration of economic statistics of the household obtainable from different sources. The Meeting considered it best to take a broad perspective, starting from the planning and programming of the collections, through the data collection, data processing, analysis and evaluation of the results. Thus, any broad attempt at integration should cover the co-ordination of statistical activities, the integration of operation of related inquiries, and integration at the processing and analysis stage, including the construction of data bases.

44. The Expert Group recognized the urgent need for development of input-output tables in the countries of the region, which were the bench-mark for the integration of various kinds of statistics, including statistics of household economic activities and enterprises.

45. The Expert Group considered that integration would be facilitated by the establishment of an inter-agency committee or a national statistical advisory board with wide and competent representation from private and government circles, academic and research groups, and producers of

/statistics.

statistics. In a centralized statistical system, the operation of statistical services was less expensive and entailed fewer problems regarding the co-ordination and integration of statistical activities.

46. It was felt that in the development of statistics of household economic activities, it would be well worth the effort to take into consideration the data management aspects to ensure better utilization of the information. The data should be arranged so that they could be accessed in a flexible manner, and thus generate appropriate statistics for various purposes.

47. The Expert Group discussed the problems faced in integrating statistics collected through different sources, especially when the users and the producers of the data belonged to different government agencies. At the national level, though there might exist a large volume of useful information collected through various surveys, not all of it could be put to proper use owing to incompatibilities. The Expert Group suggested that better communication between users and producers of statistics would help to improve the situation.

VI. OTHER MATTERS, INCLUDING RECOMMENDATIONS FOR FURTHER WORK

48. During the detailed consideration of the substantive items of the agenda, several conclusions emerged. There was general consensus that statistics on household economic activities were important and urgently required for improving national accounts estimates and for more efficient economic and social planning, since the contribution of the household sector to production and employment was substantial in many developing countries. Such statistics also enabled better estimation of the informal sector. Moreover, they provided information on the productive activities of special population groups such as women, children, the disabled and so on. It was thus essential that developmental efforts in statistics on household economic activities should be given greater attention, since the area had hitherto remained somewhat neglected. The present Meeting was thus a very useful initial effort.

49. The Expert Group recognized that because of the pioneering nature of the work, there were many issues relating to definitions and concepts vis-à-vis national accounts. They would need to be resolved through consultations, negotiations and discussions among statisticians of various

pursuits as well as with economists, planners and decision makers who would be principal users of statistics of household economic activities. The suggestion was also made that a term such as "household productive activity" might have better described the purpose of the Meeting since the discussions had tended to focus on production.

50. The Expert Group recalled the United Nations Statistical Commission's directive on the review of the SNA and the need to complete the exercise by 1990. Regional commissions such as ESCAP were expected to provide inputs based principally on the needs of the developing countries. Although the objectives of th meeting did not specifically include such a purpose, some emerging needs in relation to statistics of the household had come to light in the discussions, and those might be appropriately conveyed to the United Nations Statistical Office for the attention of the Inter-Secretariat Working Group on National Accounts.

51. The Meeting felt that there was an urgent need for documentation of surveys on household economic activities. In particular, the countries of the region would look forward to the documentation and results of the recent pioneering survey conducted by Sri Lanka, and of the Integrated Census of Population and its Economic Activities conducted in the Philippines in 1975. It was suggested that apart from the usual report, there should be a special report on the Sri Lanka survey bringing out the various problems faced and how they had been overcome. That report could cover the planning of the survey, sample design, coverage of data, survey execution, assessment of data quality, external checks on the results of the survey and analysis and interpretation of the results. The Meeting requested ESCAP to act as a clearing-house for information and documentation of surveys relating to household economic activities.

52. The Expert Group suggested that in view of the needs for data on household economic activities for compiling national accounts and for planning purposes, countries should initiate such surveys without waiting for further development of concepts, definitions and methodology. Where household economic activities were covered through current survey programmes of countries, it should be ensured that the surveys provided the data required in respect of the household sector. The Meeting recalled the usefulness of pilot and other exploratory studies in each country's environment. It was desirable to conduct such surveys in an integrated manner within the recommended framework of the NHSCP.

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53. The Meeting felt that ESCAP might take a leading role in formulating provisional guide-lines for conducting surveys of household economic activities. After countries had carried out substantive work in that field, ESCAP could convene another meeting to review progress and finalize the guide-lines.

54. The Expert Group noted that the current work programme of the United Nations Statistical Office included (a) the formulation of guide-lines for statistics of small-scale and household industries; (b) the revision of the United Nations SNA, in the context of which an expert group on household economic accounts might be held in 1987; and (c) a technical study on household income and expenditure surveys during 1985-1986 under the NHSCP. The Expert Group was informed that any inputs from the region, either from ESCAP or SIAP, towards the Statistical Office's work programme would be most welcome and that the recommendations of the Expert Group would be taken into account.

VII. ADOPTION OF THE REPORT

55. The Expert Group Meeting adopted its report on 27 September 1985.

/Annex

Annex

LIST OF DOCUMENTS

Document No.	Title
STAT/SHEA/L.1	Provisional agenda
STAT/SHEA/L.2	Annotated provisional agenda
STAT/SHEA/1	Integration of data collected through different sources
STAT/SHEA/2	Specific requirements of data relating to household economic activities for national accounts and planning
STAT/SHEA/3	Planning a survey of household economic activities in developing countries of the Asia-Pacific region: Part one: Specific requirements of data relating to household economic activities for national accounts and planning
STAT/SHEA/4	Part two: Methodological considerations
STAT/SHEA/5	Surveys of household economic activities: scope, concepts and methods
STAT/SHEA/CRP.2	A survey on farm household economic activities and resulting indicators

Papers from country experts

STAT/SHEA/CRP.1	Bangladesh
STAT/SHEA/CRP.3	India
STAT/SHEA/CRP.4	Japan
STAT/SHEA/CRP.5	Malaysia
STAT/SHEA/CRP.6	Indonesia
STAT/SHEA/CRP.7	Nepal
STAT/SHEA/CRP.8	Pakistan
STAT/SHEA/CRP.9	Papua New Guinea
STAT/SHEA/CRP.10	Philippines
STAT/SHEA/CRP.11	Republic of Korea
STAT/SHEA/CRP.12	Sri Lanka
STAT/SHEA/CRP.13	Thailand

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